

COLUMN ONE

Why women have a higher order orgasm

The brain, as any right-thinking person knows, is the most important sex organ. Now doctors think they know why.

The proof comes, in part, from a 44 year old woman with an unusual medical problem. She would be shopping, doing the housework, or listening to the radio when, doctors from the Western General Hospital in Edinburgh report, "she would suddenly become aware of an internal, ascending feeling indistinguishable from an orgasm".

The orgasms, which lasted up to a minute, were uninvited, unexpected and unwelcome. She had them, on average, once a fortnight for three years. On several occasions they happened when she was driving and she had to pull over and stop until she had calmed down.

Once she was sitting listening to an "emotional" radio play with her sister, when she suffered an episode. On this occasion her left hand started jerking, she collapsed and momentarily blacked out. That was enough to send her to the doctor.

The woman, a divorcee with children, was embarrassed by her symptoms and it took some delicate questioning to eke them out of her. She



Mind games: Meg Ryan lets Billy Crystal into the secret of the female orgasm in the film 'When Harry Met Sally'

insisted the orgasms had no definite triggers and were neither pleasurable nor satisfying. The only clue to their cause was a sudden severe headache lasting several days she had suffered two years earlier.

A brain scan revealed a deformed artery in the right temporal pole of her brain. Dr Paul Reading, her neurologist, described it as a type of "vascular birthmark". It had probably ruptured, causing the headache, and the resulting scarring had triggered epilepsy, he said. This in turn led to the orgasms because the area of the brain where the damage occurred is known to be linked with sexual sensations.

Twenty previous cases have been reported of epileptic seizures which triggered the sensation of orgasm, all in women, and all had a structural abnormality in the same area. Dr Reading said: "We know from cases like this where the orgasm centre is in the brain - at least in women."

Only one case is known of organic seizures in a man and the location of the abnormality in that case - in the hypothalamus, the lower-order vegetative part of the brain which controls basic functions such as hormone production - suggests male orgasms have a different genesis.

Could this explain why intelligent mental activity is a more important ingredient of sex for women than for men? Dr Reading was cautious. "It underlines the difference between them," he said.

The woman was prescribed carbamazepine, a drug for epilepsy, and has led a satisfactorily quieter life since.

— Jeremy Laurance, Health Editor

CONTENTS

News	4	Features	16
Health	5	Obituaries	17
Politics	6,7	Leader, letters	18
Environment	9	Comment	19
News	10	Business	20-24
Hong Kong	11	Shares	23
World news	12	Sport	25-28
EU summit	13	Crossword	The Eye, 29
World news	14	Weather	The Eye, 30
Arts news	15	TV & Radio	The Eye, 31-32

PEOPLE



Red card: The First Lady found fame failed to save her at the University Club Photograph: AP

Hillary gets the boot from Manhattan's posh club

It has been 10 years since the membership of the august University Club in midtown Manhattan voted to admit women. But as one member of the fairer sex can attest, some of its staff apparently still haven't got with the programme.

The person in question, however, probably will say nothing about her little contretemps with the club's stewards on Wednesday, which ended with both her and her female friend being ejected onto a sleety Fifth Avenue. That is because she is the First Lady, Hillary Rodham Clinton.

Happily, though, the First Lady's companion is paid not to be coy. She was Cindy Adams, gossip columnist extraordinaire of the *New York Post*. Thus, the whole incident was trumpeted across the paper's pages yesterday.

"KICKED OUT!" blared the giant front-page headline. "Stuffy Manhattan club boots First Lady." Beneath that, in slightly smaller print, the self-serving adjunct: "Old coots tossed me out too, says Post's Cindy Adams."

The club, founded 132 years ago by graduates of Harvard, Yale and Columbia universities, refused all comment yesterday. The First Lady's press office in Washington stopped short of denying the tale, however. "Maybe it's something that has been blown a bit out of proportion," a spokeswoman offered.

Apparently, it began with Ms Adams taking out her mobile phone while waiting for the First Lady

to show. An irritated "sculpture" - her term for a club official - approached and testily informed her that cellphones were banned from the premises.

But it was after the First Lady plus aides had arrived and the group was getting down to serious chatter that the steward really got cross.

"We were all gaily settled into a few minutes of glib talk when the sculpture loomed," Ms Adams writes. "Lumbering across the divide, he bore down on us. He stood over us - Hillary and I were side by side, sunk deep into the couch - and in a thundering voice he bellowed: 'This is not permitted. We have rules here. We will not tolerate this.'"

Exactly what crime the happy duo had committed is not made clear to readers. But perhaps that's because it was never clear to Cindy either. "We didn't know what 'this' was. Was it being women, was it being noisy, what?"

It made no difference when Ms Adams tried to press home to the steward the identity of her companion. He responded summarily: "This is not acceptable behaviour. You will have to leave."

That was when Mrs Clinton decided that a hint had become a clear order to leave. Abruptly standing, she said to Ms Adams: "Let's go." And they did.

Never mind. At least back home Hillary can expect to get respect from the newest recruit to the White House: the First Puppy, name still uncertain.

— David Usborne

C4 returns Helen Shapiro to top of the pops

Channel 4 has turned singer Helen Shapiro from a one hit wonder into a "girl on top" in a new documentary, but the diminutive singer is still threatening to sue the channel.

Shapiro, 51, is furious about published Channel 4 programme notes for *Brit Girls - One Hit Wonders* describing her shining "brightly but briefly" in the Sixties.

The star, who had number one hits with "You Don't Know" and "Walkin' Back To Happiness" in 1961 plus a string of other chart entries and currently has five albums on release, is supported by actors' union Equity. She fears the show, to be broadcast on Decem-

ber 20, will affect sales of her new album and forthcoming 50-date UK tour.

Channel 4 changed its programme notes and retitled the documentary *Girls On Top* after Ms Shapiro complained about her inclusion in the series. The notes described her as "famously written off at the age of 15".

But the originals appeared in two national newspapers, on the Internet and in a listing magazine.

Her husband and manager John Williams said: "This is doing tremendous harm to Helen's career and we believe it is a clear defamation regardless of what is now broadcast. 'She is being as-

sociated with people who had one hit and fell into obscurity. Helen has never stopped working."

"Helen had two number one hits and her gospel album has sold over 45,000 copies. She hardly died a death by 1962."

A Channel 4 spokesman said: "It is our understanding that the issue has been settled."

Girls on Top also includes Millie Small, the Jamaican singer who had a hit with "My Girl Lollipop". PP Arnold who sang the "First Cut is the Deepest" and Billy Davies, who had a hit with "Tell Him" in 1964.

— Paul McCann, Media Correspondent

UPDATE

TRANSPORT

Britons cling to the driving seat

The public's obsession with the motorcar continues unabated, despite ministers' pleas to get out of the driving seat and on to public transport.

The latest survey, from Equifax, a credit service, shows that three out of four motorists said they were against the government proposals. Only three in ten people believed that more efficient trains and buses would mean fewer cars on the road. The car capitals of Britain, where households have more than one vehicle in the driveway, were Guildford, where residents crave bigger, brasher models such as BMW and Mercedes, Hemel Hempstead, Redhill, Slough and Kingston-upon-Thames. Politically, transport could be a bomb the Government does not wish to defuse. In doing so, it would need to tackle car-use in such newly won Labour strongholds as Stevenage in Hertfordshire, placed eighth in the car-capital table.

— Randeep Ramesh, Transport Correspondent

SOCIETY

Women caught in poverty trap

Women continue to face a life of "poverty", receiving just half of men's average incomes, according to a report today.

The Equal Opportunities Commission (EOC) said that women aged over 40 received less than half of men's income, but did not qualify for social security benefits in many cases. Women's lower pay made it harder for them to safeguard their income when out of work and those with caring responsibilities are further penalised because if they take a career break to look after a member of their family, it is difficult for them to make adequate pension arrangements, said the report. "At the moment, women with caring responsibilities bear the brunt of the mismatch between their work patterns and the benefit system," said Kamlesh Bahl, chairwoman of the EOC.

NORTHERN IRELAND

Army's lost guns go to paramilitaries

Of 47 British army weapons lost, stolen or otherwise "unaccounted for" in Northern Ireland, almost a third are thought to have ended up with loyalist or republican paramilitaries, it was revealed yesterday.

The figures, which include handguns, rifles, and machine guns, were disclosed in a written answer from John Reid, of the Ministry of Defence, to Labour MP Kevin McNamara. Dr Reid disclosed that of the figures available, eight weapons were "believed to have fallen in the hands of 'republican paramilitaries, while six were thought to have ended up with loyalists."

— Jojo Myres

LAW

Call for cash to help fund civil cases

The Consumers Association today calls for a legal fund to be set up for people who are deterred from litigation because of the expense.

The Contingency Legal Aid Fund would pay for someone's costs if they lost a legal action, providing they agreed in advance that if they won, a slice of their damages would be paid to subsidise others. Such a fund would help meet the feared gap under proposals by the Lord Chancellor to remove legal aid for all civil cases involving damages or compensation. In particular the fund could help low-income applicants bring important test cases. The association's lawyer, Alison Lindley, said if the Lord Chancellor's department failed to consider the issue it would be a "missed opportunity".

● Contingency Legal Aid Fund, Consumers Association, PO Box 44, Hertford XG 514 1SH

— Michael Streeter, Legal Affairs Correspondent

TOURIST RATES

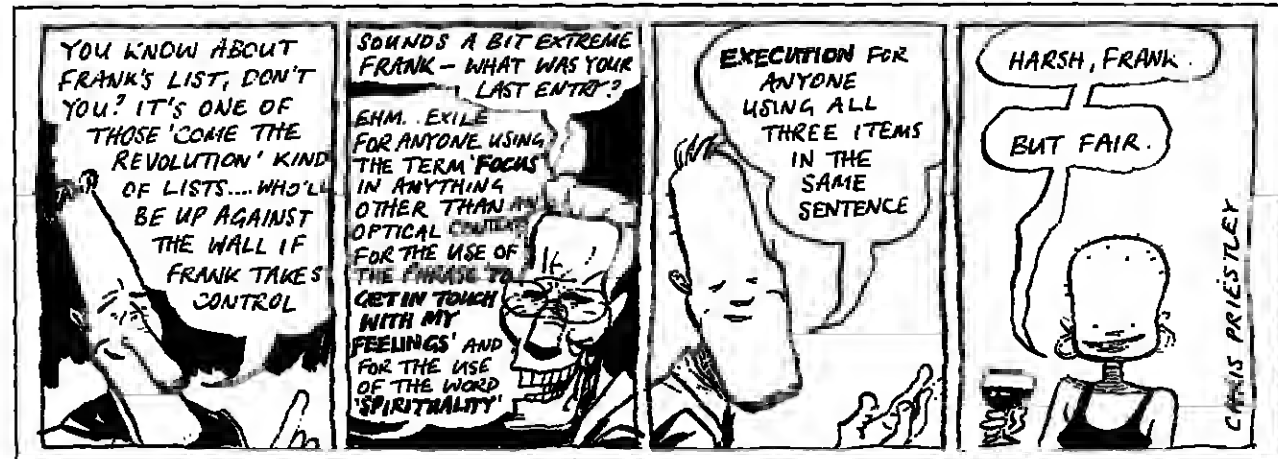
Australia (dollars)	2.39	Italy (lira)	2.83
Austria (schillings)	20.09	Japan (yen)	211.14
Belgium (francs)	59.07	Malta (lira)	0.62
Canada (\$)	2.29	Netherlands (guilders)	3.22
Cyprus (pounds)	0.83	Norway (kroner)	11.71
Denmark (kroner)	10.96	Portugal (escudos)	290.44
France (francs)	9.58	Spain (pesetas)	241.46
Germany (marks)	2.87	Sweden (kroner)	12.60
Greece (drachmes)	453.03	Switzerland (francs)	2.32
Hong Kong (\$)	12.42	Turkey (lira)	321.06
Ireland (punts)	1.10	USA (\$)	1.61

Source: Thomas Cook
Rates for indication purposes only

7.30 FOR 8

by Chris Priestley ZITS

by Jerry Scott & Jim Borgman



Christmas Day
25
December

"Thanks ever so much for the jumper..."

Boxing Day
26
December

"No, really, I do like it honest..."

New Year's Day
1
January

"So you're sure I don't need a receipt?"

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IN TOMORROW'S INDEPENDENT



William Hague's Udaipur romance, plus Angela Bulloch's photo diary of the Turner Prize
ISM, THE SATURDAY MAGAZINE



Melt in the Maldives
TIME OFF

The true lottery odds
YOUR MONEY

Complete guide to the week
THE EYE

Conference calls for change in the law on cannabis



Weed worship: Participants at the debate in London yesterday make known their views on the use of cannabis

Photograph: Brian Harris

Scientific experts, MS sufferers and weed worshippers yesterday debated decriminalising cannabis. Glenda Cooper, Social Affairs Correspondent, observes that as they did, 200 miles up the M1, lottery millionaire Colin Sampson discovered how the law works in practice.

The Queen Elizabeth II Centre at Westminster, where the *Independent on Sunday* conference was being held, is a non-smoking building. So perhaps it was appropriate that the keenest cannabis users had brought hash brownies instead.

Nearly 700 people attended yesterday's meeting - described as the first conference to "openly debate" whether cannabis should be legalised. Delegates ranged from soberly suited doctors and nurses to imaginatively attired hippies and the exotically named Free Roh Cannabis, who changed his name by deed poll to make his point.

The vast majority of delegates had the same aim: a change in the law, whether for civil liberties or for therapeutic purposes. And one of the main points repeatedly made was that the law is strongly enforced in some places whereas in other areas police turn a blind eye.

Colin Sampson would probably raise a wry smile at this. Mr Sampson won £5.4m on the National Lottery a year ago but was in a Sheffield court yesterday admitting possession of cannabis worth £600, and a cannabis plant. He was given a conditional discharge for two years and ordered to pay £50 costs.

His solicitor, George Tierney, told Sheffield magistrates that the drug was for Mr Sampson's own use and that, had he not been a lottery millionaire, he would probably have escaped with a caution. "It's fairly true to say that if this defendant still lived on the Stradbroke estate with 28 children in a council house, working as he al-

ways had, he would not be here and the subject of media attention," he said.

Mr Sampson said later that his lottery win and the publicity that followed had been the trigger for his drugs use. "Although I cannot excuse my illegal acts, the main cause of my unhappiness and subsequent recourse to the use of cannabis has been the unsolicited and unwanted media attention that I have attracted," he said.

Speaking at the conference, Mike Goodman, director of Release, the civil rights organisation for drug users, said a million people will be guilty of cannabis related offences by the millennium if present rates continued. "People should have the right to make decisions over their own lives providing they do not harm others," he said.

Mr Goodman was one of nine speakers, including Professor John Strang, director of the National Addiction Centre, Body Shop founder Anita Roddick, and Professor Colin Blakemore, president of the British Association for the Advancement of Science.

Although debating a drug best known for its relaxing qualities, the discussion grew heated, with cries of "Freedom!" and "Skin up!" as strange smells wafted across the audience.

Nigel Evans, Conservative MP and former chairman of the all party Drugs Misuse Group, urged no change in the law. He said that the idea that decriminalisation would have little or no effect on consumption levels was "several steps removed from reality".

"Keeping drugs as a controlled substance keeps the number of young users down. Decriminalisation removes the stigma of criminality and increases usage," he said above heckles.

Rosie Boycott, the editor of the *Independent on Sunday*, said it was a "historic debate... the first time the whole issue of cannabis has been quite so openly debated, a stone's throw away from the mother of parliaments."

She said she had received a letter from the Home Secretary, Jack Straw, saying that the Government was against the legalisation of cannabis.

New Labour's Christmas bashes come to aid of the party season

Labour's first Christmas for a generation in power is being accompanied by a renaissance of festive parties. Kim Sengupto watches the glitter return to political soirées, as the Government sails through stormy waters.

many backbenchers and some ministers of betrayal and loss.

But the little local difficulty has not stopped this becoming a vintage year for political parties. There is a marked contrast, say those who attend, to last year, where parties thrown by a doomed Tory government "had all the cheer of a concert on the Titanic when they have already seen the iceberg".

After the 18-year march through the wilderness, Labour is laying on the style. Just as

soirées by the Democrats in America were deemed to be more fun than those of the Republicans, Labour is judged to be simply better at throwing parties. Big and small, glitzy and more humble, they are erupting up and down Whitehall.

One of the best-attended was thrown by Robin Cook at the Foreign Office's Locomo room, built as a "drawing-room for the nation". A French guest said it was one of the best he had ever been to,

noting a mood of "optimism and vibrancy" which had been missing in recent years.

Chris Smith's party for the Department of Culture Media and Sport, held at the National Gallery on the same night, lost some guests as a result, though those there had a free run of the Van Goghs, Monets and Cézannes to distract them. A journalist from a right-wing newspaper, asked at the Foreign Office whether he would be going to Mr Smith's party, responded: "Like Goebbels, whenever I hear the word culture, I want to reach for my gun". Picking up another glass of wine, he reflected: "Not a bad bash is it? If they go on like this I will even warm to this gibberish about ethical nukes or whatever they go on about".

Pressure groups say New Labour's advent has led to renewed interest in political activity among showbiz personalities, exemplified by a freedom-of-information bash last night, due to be attended by the likes of Harold Pinter and Bianca Jagger. Celebs may awake with aching heads and dry mouths. But at least, they can reflect, they are doing their patriotic duty by the new es-



Street cred: Tony Blair partying with the Coronation Street actress Elizabeth Dawn

Christmas is approaching at New Camelot. Champagne flows, the lights are bright and the conversation brighter at Downing Street. There are Cherie Booth and Tony Blair, graciously welcoming guests. Chris Evans, would-be media magnate, arrives with Elisabeth Murdoch, daughter of a rather more established one. Zoe Ball talks to John Thaw, as scores of lesser-knowns gaze at the glittering rooms, political stars and networking celebrities.

Near by at the Commons, New Labour's united front is under intense pressure in a welter of outrage over the cutting of benefits to single parents. There are tears, recriminations and resignations, a sense among

Toy foster child is condemned

Adoption agencies yesterday called for a virtual reality toy, which tries to represent the raising of a foster child, to be removed from shops.

The British Agencies for Adoption and Fostering said they were "appalled" at the toy, called Kimoko the Fosterling, saying that it was "insensitive" and "hurtful" to children who had been fostered or adopted.

Children who play with Kimoko can feed her, educate her, play with her and discipline her if she is naughty. When Kimoko's IQ reaches a certain level she is adopted.

The packaging for the toy tells the

child: "Kimoko was deserted at birth by both her parents. She is now in your care as your foster child. If you raise her well... she will turn into a lovely young girl. Then she will be adopted and leave you to join her new family."

The BAAF said it had had complaints about the toy from both children and carers who had found it "very upsetting".

Its director Felicity Collier said yesterday: "The misleading messages this game gives about being in foster care are most insensitive and could actually be hurtful to children who may already have experienced some sadness."

"Children in care are among the

most vulnerable in society and need all the support we can give them. It is most unhelpful when games such as this are circulating among their peers."

Ms Collier said that the idea that a certain level of IQ ensured adoption was "outrageous". She added that most children in foster care eventually return to their parents. "To assume adoption is a reward for good behaviour is outrageous."

"We urge all parents who are considering buying this toy for their children to think about the consequences for other children."

Glenda Cooper, Social Affairs Correspondent

ARMANI



GIORGIO ARMANI



Flash in the pan: Fiona Rytance, an inspection assistant, firing a musket on the firearms licensing course run by West Yorkshire police - set up in the wake of the Dunblane tragedy; licensing officers were asked to fire a 'black powder' pistol due to gun owners' renewed interest in the firearms, which are not covered in the handgun ban Photograph: Nigel Hillier

Guardian writer 'naive and silly'

Victoria Brittain, a senior journalist at *The Guardian*, has been called "surprisingly naive" by her paper's ombudsman for allowing her bank account to be used to channel money to fund a libel action against *The Independent*.

Kathy Marks examines the internal *Guardian* report on Ms Brittain's conduct.

Ms Brittain, the *Guardian*'s deputy foreign editor, "made a silly mistake" and showed "poor judgement" in allowing her account to be used by Kojo Tsikata, former head of the Ghanaian security service, as a conduit for £250,000 of legal fees.

John Willis, the paper's ombudsman, says he accepts that she was not aware that much of the money came from Libyan sources, and concludes that she did not compromise her journalistic integrity in helping out Mr Tsikata, an old friend.

He calls it "curious", though, given the closeness of the friendship, that their conversations about the origins of the funds were as limited as she claims.

"While accepting that she never asked Mr Tsikata where the money came from, it is surprising that, as a journalist, and knowing the sensitivity of these matters, she did not ask," Mr Willis says.

Ms Brittain's actions came to light last August when David Shayler, a former MI5 officer, revealed that she had been the target of a year-long surveillance operation which included telephone taps and a plan to raid her home.

MI5 suspected that she was involved in money laundering, but it transpired that the funds were being transferred to Bindman and Partners, a London firm of solicitors which was representing Mr Tsikata in his action against *The Independent*.

Mr Willis accepts that, apart from administering the money, Ms Brittain played no part in the litigation, which arose from an article in *The Independent* in 1992 about a public inquiry into the execution of three high-court judges in Ghana.

She was more than a "mere postbox", as originally asserted by Mr Rusbridger, since she transferred the money between her own accounts and then into Bindman's, faxing Mr Tsikata to notify him when funds arrived.

But, Mr Willis adds: "However unpalatable for some people to see one journalist implicitly supporting a libel action against others, there is nothing fundamentally wrong with that ... her actions seem to have been limited and she was some way from being a significant player in the libel action."

According to Mr Shayler, much of the money came from Libyan sources, particularly Khalifa Ahmed Bazelya, head of the Libyan interest section at the Saudi Arabian embassy in London.

Mr Willis says there is "absolutely no evidence" that Ms Brittain was aware of the source of the funds, apart from a cheque for £10,000 from Youssef Ibrahim, a Ghanaian businessman.

But he says: "To allow your bank account to be used in this way without thinking that you could be compromised ... is surprisingly naive." It would have been "wiser, more prudent" for her to have avoided any involvement.

He concludes that Ms Brittain will have to live with claims of potential bias if she ever writes about Ghana again. But he says she did not personally profit from the affair and "is surely entitled to one piece of bad judgement".

The Court of Appeal has ruled that the article in *The Independent* was protected by qualified privilege. Mr Tsikata's solicitors have indicated that he intends to proceed with the action, arguing that publication of the report was "malicious".

IRA killer escapes in drag

A convicted IRA killer who escaped from the Maze prison on yesterday passed through at least three security checks dressed as a woman, it emerged.

There was no trace yesterday of 32-year-old Liam Averell, who made his way out amid scores of women and children who had attended a Christmas party at the jail, which is supposed to be the UK's most secure penal institution. The general assumption is that he will follow the traditional republican escapees' route of heading for the Irish Republic.

In the wake of the security breach the Northern Ireland Secretary, Dr Mo Mowlam, announced the setting up of an inquiry to be headed by Dr Martin Narey, head of the prison services' head of security and policy division in London.

He will be assisted by Dr Peter Bennett, governor of Nottingham prison.

Farmers see sliver of hope

Farmers were yesterday given a glimmer of hope following the turmoil of the last few weeks, when the European Commission agreed to speed up moves to lift the ban on exports of British beef.

Meetings scheduled for early next year are to be brought forward to next week in order to try to appease farmers reeling from a series of blows to the industry. The decision to bring the talks forward followed a meeting in Brussels between farmers and Emma Bonino, the EU Consumer Health Commissioner. Mrs Bonino also promised to weigh up the "balance of risks" before taking on board proposals for a ban on sales of lamb on the bone.

Kate Watson-Smyth

Boost for South Bank plan

A £75 million Lottery bid to cover London's South Bank Centre with a Richard Rogers glass canopy is being backed by the Arts Council, but the hurdle of available funds remains, the Council's chairman, Lord Gowrie, said.

The Arts Council is asking Culture Secretary Chris Smith for an "advance" on its Lottery cash so it can give the project the green light without stalling other new applications. Philosophical SBC hiders hailed the Arts Council's "resounding endorsement" of the project.

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BT It's good to talk

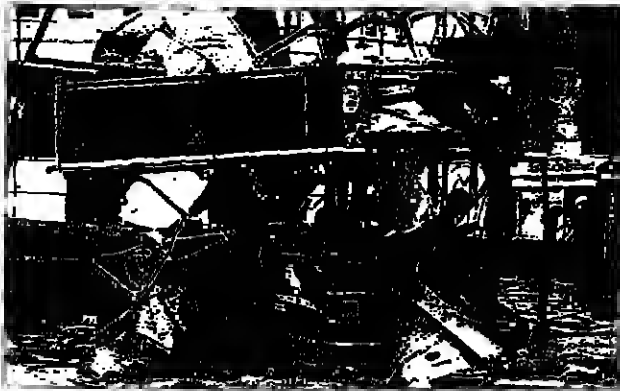
*THE BT EXTRA CALLS SALE APPLIES TO RESIDENTIAL CUSTOMERS' DIRECT-DIALLED CALLS IN EXCESS OF AVERAGE CALL BILL SIZE. LIGHT USER SCHEME, PREMIUM RATE, BY CHARGECARD, RING ME FREE, THREE WAY CALLING CALLS AND CALLS TO MOBILES ARE EXCLUDED. THE 25% IS OFF BT'S NORMAL PRICE FOR THE CALL ON THE DAY IT IS MADE, EXCLUDING SPECIAL OFFERS, AND IS CREDITED AS A REDUCE TO THE CUSTOMER'S FIRST BILL AFTER MARCH 1998. *F&F GIVES A DISCOUNT OF 10% ON 10 NOMINATED NUMBERS, ONE OF WHICH CAN BE INTERNATIONAL AND ONE MOBILE (CALLS TO A NOMINATED MOBILE NUMBER BY A PREMIERLINE CUSTOMER RECEIVES A DISCOUNT OF 15%). F&F IS NOT AVAILABLE TO LIGHT USER SCHEME CUSTOMERS. PREMIERLINE IS RECOMMENDED FOR CUSTOMERS WITH CALL BILLS CONSISTENTLY OVER 45p A QUARTER AND A FEE OF 25p A QUARTER IS PAYABLE.

Ear implant may signal end to the world of silence of bus-driver deafened by IRA blast

A London bus-driver deafened by an IRA bomb blast has had surgery in a final attempt to recover his hearing. Bob Newitt, 51, was made profoundly deaf when a bomb blast ripped through the bus he was driving along the Aldwych in February last year.

Yesterday, Chris Raine, consultant ear, nose and throat surgeon, said Mr Newitt was doing well after receiving a cochlear implant at Bradford Royal Infirmary. It will not be known how successful the operation has been for at least a month, when external parts are fitted.

Mr Newitt, who now lives in Leeds, said he was feeling a bit sore but had been assured all went well during the operation on his left ear. "I feel good, a bit sore and dizzy," he scribbled on a piece of paper from his hospital bed in answer to written questions. "It's the best present I could have for Christmas." For Mr Newitt,



The remains of the bus in the Aldwych which Mr Newitt had been driving
Photograph: Edward Webb

who has learnt to lip-read, the operation is the final effort by doctors and scientists to end his world of silence.

Mr Raine said: "Most adults who have a cochlear implant have lost their hearing as a result of an infection, such as meningitis or a congenital defect ... In our experience it is extremely rare ... to perform

such an operation on a patient who has become deaf in such an unusual way."

A cochlear implant, a small electronic device, is placed under the skin behind the ear and relays sounds as electronic impulses through a wire into the cochlea, stimulating the hearing nerves.

Mr Raine added: "Tests

made in the operating theatre eased our worst fears about nerve damage. But, as with all cochlear-implant patients, we are entering a journey into the unknown when predicting how successful it may be. Mr Newitt has undergone ... tests and scans to assess his suitability and the signs are promising."

Mr Newitt's bus was destroyed when a bomb being carried by Edward O'Brien exploded prematurely, killing the IRA man.

Mr Newitt received injuries to his back and shock waves damaged his chest cavity and lungs but no bones were broken. Although Mr Newitt recovered well from these injuries, his hearing was damaged and doctors later found two hairline cracks in his skull. A cochlear implant cannot restore normal hearing but a range of sounds can be heard and recognised.

— Esther Leach



A cochlear implant may give Mr Newitt new hope. Although it cannot restore hearing, a range of sounds can be heard and recognised
Photograph: Edward Webb

Cold comfort for live-saving Scots doctors

Frozen casualties of the winter cold whose hearts had stopped, in some cases for hours, have been revived by doctors with a heart-lung machine normally used for cardiac surgery. Janet Boyle reports on a technique that can bring hypothermia victims back from the dead.

The cold of a Scottish winter had chilled the victims into suspended animation. But the temperature that brought them to death's door also protected their brains and other organs during the hours they spent with no detectable heartbeat. With expert care, doctors discovered, they could be brought back to life.

So far, five patients who were apparently dead have been given specialised re-warming treatment by doctors at Glasgow Royal Infirmary. Two later walked out of the hospital fit and well, and two more were brought round but later died from complications. Only the fifth could not be revived.

The four men and one woman, aged from 30 to 55, were resuscitated by doctors at the Royal's Accident and Emergency department. Two were found on the streets, two others at home, and one had been rescued from the Clyde. Gordon McNaughton, senior registrar, said: "When they arrived here their hearts had stopped and their temperatures varied between 22C and 30C, compared with the body average of 37C. It was vital to establish firstly whether the patient stood a like-

ly chance of survival." The doctors checked their blood levels of potassium, which is released at death. A high level indicates the end of life. "Success is very unlikely in someone with a very high level of potassium," Dr McNaughton said. Where the test showed there was a chance, staff connected the patient to the heart-lung machine via tubes inserted into the groin.

The blood was removed and rewarmed to 37C by pumping it through the by-pass machine. By applying heat internally rather than externally the vital organs - heart and brain - are warmed first. If a severely hypothermic body is warmed from the outside, the blood rushes from the brain and the heart and may prevent the patient recovering. Doctors say a hypothermic body is not dead until it is warm and dead.

The cold protects the brain and vital organs while the patient's heart has stopped. But doctors cannot tell whether the patient will survive until the thawing is complete. Those who are going to survive resume a heart beat when the body temperature reaches 35C. "There have been cases reported of survival after prolonged cardiac arrest," Dr McNaughton added.

As well as by-pass treatment the patients require cardiopulmonary resuscitation with a mechanical breathing and chest-thumping machine. This avoids the chance of staff tiring, because resuscitation can take up to five hours. Previous research suggests half of patients with severe hypothermia survive. Other techniques for re-warming have been used, including introducing warm saline solution into the chest and abdominal cavities.

Loners may suffer from autism

The eccentric academic with a collection of rocks in the attic, an encyclopaedic knowledge of train timetables and a non-existent social life may be suffering from a mental disorder.

Autism, the condition characterised by social withdrawal, lack of empathy and indifference to others may affect people in a mild form so that it merges into "what can be called eccentric normality", according to a leading psychiatrist.

The condition, which is thought to affect up to 5,000 people and has a genetic cause, is marked by problems of social interaction, communication and imagination. Autistic people lack the capacity to read social situations, tend to be socially clumsy and suffer isolation as a result. It is fascinating because it disturbs something that is at the core of being human.

Dr Lorna Wing of the Centre for Social and Communication Disorders in Bromley, Kent, says that although most people have an image of autism as se-

verely disabling, in some sufferers impairment is so subtle that they may be seen as simply loners. They tend to be absorbed in their own interests and lack empathy for others. Some marry but partners tend to feel a lack of emotional rapport.

Writing in the *Lancet*, Dr Wing says there is no cure, but people with autism can be helped with education tailored to their disabilities. Their schooldays are often stressful because they will not conform to demands of teachers or fellow pupils.

"Most are happier as adults and may follow successful careers, sometimes of high academic distinction. Some learn the rules of social interaction by rote, while others remain solitary by choice."

However, she adds: "High functioning people with autistic disorders have been able to describe their experiences of the world as a confusing and frightening place."

Jeremy Laurence,
Health Editor

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Seeing doubles: William Hague, the Conservative leader, posing with his Madame Tussaud's image in the London museum yesterday. His fiancée, Ffion Jenkins, stands between the wax model, who wears a Hugo Boss suit donated by Mr Hague, and the real thing. Photograph: Thomas Vilhelm Jorgensen

Freedom of information proposal gets high praise

Rare, across-the-board acclaim greeted the Government White Paper on freedom of information yesterday. A practised hand at trying to get information out of the government machine, Anthony Bevis, Political Editor, takes a closer look at *Your Right to Know*.

and conduct its own debates with a degree of privacy.

The particular points of policy protection included: the maintenance of collective ministerial responsibility - or the disclosure of splits; and the political impartiality of public officials - the exposure of their engagement in politically sensitive activity.

But the White Paper does include a case-by-case public interest clause, under which officials would be expected to consider whether a decision not to disclose information might itself "result in substantial harm to public safety, or the environment". In welcoming the proposal to appoint an Information Commissioner to police the open government process, the Campaign for Freedom of Information noted "that complainants would not have to bear the potentially prohibitive costs of going to court to enforce their rights."

However, Dr Clark told *The Independent* that the Commissioner would be appointed by the Prime Minister - a critical choice, and a significant power, if the process is to run

The heartfelt welcome from Richard Shepherd, the Conservative MP who initiated a backbench Bill for more open government a decade ago, was worth far more than the qualified, "constructive" support of the Opposition frontbench in the Commons yesterday.

But the surprise felt by proponents of open government was best summed up by the reaction of Maurice Frankel, long-standing director of the Campaign for Freedom of Information, who called the document "stunning". In a Commons statement, David Clark, Chancellor of the Duchy of Lancaster and the Cabinet minister directly responsible for the White Paper, went out of his way to praise the contribution of Lord Irvine of Lairg, the Lord Chancellor, who chaired the Cabinet Committee on the matter - and ensured its safe delivery.

Mr Clark said the statutory right of access offered by the White Paper to information and records "will transform the culture of government and make it more open and accountable. It is a huge step towards rebuilding trust between government and the people."

Some of the main features of the White Paper were remarkable. Information held by privatised water boards, other utilities, and the BBC, as well as the armed forces, hospitals and schools, would be opened up, although, as Mr Shepherd discovered in Commons questions, it was unclear whether rights to openness would extend to the European Council. Mr Frankel was also impressed that the enforcement powers of a new Information Commissioner would be as tough as those of any court, to compel the Government to release information.

"The White Paper goes further than we had thought any British Government would be willing to go," Mr Frankel said. But there were a number of serious gaps that could impede genuine inquiries.

Dr Clark told *The Independent* that there was no question of departments setting up catalogues or indices of the information they held, to give the public a better idea of what was available. "There can't be an index," he said. "There is no need for an index." But even the Croyham Directive, an ineffectual attempt at open government issued by Sir Douglas Allen, Head of the Home Civil Service, 20 years ago, conceded that a digest of information available would provide enormous support for any right to know.

Without such assistance, searches can become worse than looking for needles in Whitehall haystacks. Without knowing specifically what they are looking for, people could face the charge that they are indulging in what yesterday's White Paper called "large-scale fishing expeditions or other applications which would result in a disproportionate cost or diversion of the public authority's resources..."

There was also an insistence that the public could not be allowed access to the innermost policy advice and decision-making discussions of government, where disclosure would cause harm - rather than the "substantial harm" test that is applied to other protected areas of information, like defence and law enforcement.

The White Paper says: "Now, more than ever, government needs space and time in which to assess arguments

YOUR RIGHT TO KNOW

- White Paper offers public a statutory right of access to official records and information.
- Scope includes not only Government departments, NHS, local authorities and quangos like Atomic Energy Authority - but privatised utilities, too.
- Exclusions include Security and Intelligence services, like MI5 and MI6, as well as special forces like the SAS.
- A right of access will be provided for records or information of any date, for normal fee of £10 maximum, provided no substantial harm caused.
- Seven areas to be protected: national security, defence and international relations; law enforcement; personal privacy; commercial confidentiality; public, individual and environmental safety; and information supplied in confidence.
- Additional protection for Government decision-making and policy advice, and 30-year closure rule remains for historical records.
- Information Commissioner to adjudicate and enforce rights of access, but with no back-up right of appeal to courts.
- New criminal offence to be created for wilful or reckless destruction, alteration or withholding of records from Commissioner.

smoothly. In his preface to the White Paper yesterday, Tony Blair said: "The traditional culture of secrecy will only be broken down by giving people in the United Kingdom the legal right to know. This fundamental and vital change in the relationship between government and governed is at the heart of this White Paper."

But John Redwood, the Conservative Trade and Industry spokesman, told *The Independent* last night that for all its spirit of openness, he had been unable to find out from the Government the precise role being played by Geoffrey Robinson, the Paymaster General, in the negotiation of new coal contracts, and he was having difficulty in getting the Government to accept Commons questions on such matters. "It's a funny old world," he said. "strange how these coincidences keep on happening."

Following public consultation on the White Paper, the Government hopes to produce a draft Bill by summer, with the possibility of legislation starting within 12 months and enactment by the summer of 1999. The law would then be phased in over time, but with the real possibility of widespread change before the next election.

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7/LABOUR'S REBELS

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Rebels set stage for wider divide over benefit cuts

Labour left-wingers were predicting a new and even bigger revolt over disability benefits last night after 47 MPs voted against plans to cut lone parents' payments. *From Abrams, Political Correspondent, asked whether this week's set-back would force a change of direction.*

Leaders of the campaign against cuts in lone parents' benefits were celebrating what they believed was a victory yesterday.

They believed the threat of an even worse rebellion could prevent similar cuts to disability benefits.

Ken Livingstone, one of the leading figures in the lone-parent revolt, said that 100 MPs supported the campaign but more had expressed sadness at having to support the measure. One member had told him it was "the worst day of my life".

"People get more independent, not less, as parliaments go on," Mr Livingstone said. "It's going to be almost impossible to get through any real cuts in disability benefit. It would be too damaging."

Even the most loyal ministers conceded privately that the issue of lone mothers' benefits was badly handled. And while there were no cabinet rebels, there must have been some with heavy hearts. John Prescott was in Japan, but Robin Cook was given permission not to vote despite being in the country. He was meeting the Spanish foreign minister.

There were warnings of "implacable opposition to any cuts" from a Labour MP, David Winnick, and from the Labour peer Lord Ashley of Stoke.

Lord Ashley, joint chairman of the Parliamentary All-Party Disabling Group, said the group would meet Harriet Harman, Secretary of State for Social Security, next week to say it would not back any plans to tax, means-test or time-limit disability benefits, which are believed to be under consideration.

"All the disabled people who have been in touch with me have been very, very upset about this. Their anxiety and anger can, if ignored or mishandled, make the one parent family row look tame in comparison. We shall be seeking a clear commitment from Harriet Harman - no cuts," he said.

The Chancellor, Gordon Brown, said reforms of the benefits system would continue. "What we are trying to do is reform a welfare state that is stale. The public and people in the Labour Party will understand that we are doing the right thing," he said in a radio interview.

Downing Street spokesmen added that MPs had been elected on a modernising agenda and they should expect to stick to it. They also predicted disciplinary action against the rebels.

As the scale of Tony Blair's first big rebellion had become clear, whips and party spokesmen had named four offenders who they said would face disciplinary action or even expulsion. At the very least Brian Sedgemore, John Marek, Ken Livingstone and Bob Wareing would face a loss of privileges, they said. But yesterday the rebels continued to speak out against party discipline and dismissed the expulsion rumours as "spin".

Mr Livingstone claimed that when he went into the whips' office yesterday morning to take his punishment there was none to be had. He expected to have a "chat" with the chief whip, Nick Brown, but little more. The whips had seemed "demoralised," he added. "I am very pissed off. I cleared my diary so I could be free to be disciplined," he said. He added that there was a very good reason why a decision to discipline him would create a left-wing backlash: "If I was suspended Peter Mandelson automatically takes my seat on the National Executive Committee."

Another of the four, Brian Sedgemore, said he had had a similar experience. He was picked out for writing a letter in which he described the whips as "goolie-crushers". He compounded his offence by saying on *Newsnight* that his whip, Bridget Prentice, had told him: "If I thought you had goolies I would crush them." Afterwards, the chief whip had merely told him: "You've been naughty."

Bob Wareing, who was said to be in particular trouble because he was recently suspended for a breach of the rules on members' interests, said he had had no contact with the whips.

"I'll let them worry about it. I'm just getting on with my job," he said.

A government source said Mr Wareing, Mr Sedgemore and Mr Marek would have their cases referred to the Parliamentary Labour Party.



Rebels with a cause: Alice Mahon (above) and Gordon Prentice and Malcolm Chisholm (below) will pay with their careers

Principled and old join usual suspects

Even the most hardened rebels were surprised by the size of Wednesday night's Commons revolt over lone parent benefits. *From Abrams, Political Correspondent, asks if the new Labour worms are starting to turn.*

Even this week they were being dismissed by party hacks as a handful of Trots. But while most of the "usual suspects" were among the 100 or so who failed to support the measure, there were others who had been totally loyal until now.

Of the 47 who voted against, 14 were newly elected in May this year. Some of those, such as the former GLC deputy leader John McDonnell and both Ann and John Cryer, widow and son of the former Labour MP Bob Cryer, were known to be left-wingers. Others, such as Martin Caton, MP for Gower, and Ian Gibson, MP for Norwich North, had not been picked out as potentially disloyal. Their whips' office files will have been marked.

Some were prepared to sacrifice their careers, including Malcolm Chisholm, who resigned as a Scottish Office minister, and Gordon Prentice, a Parliamentary Private Secretary. His colleague Alice Mahon,



Perhaps even more interesting is the list of those who did not vote. Fourteen abstained in person, while another 38 stayed away. The abstainers included George Galloway, colourful MP for Glasgow Kelvin, and Julie Morgan, new MP for Cardiff North.

Many previously deeply loyal Blairite new MPs stayed away. Some may have had genuine reasons, but others will have had permission to be absent because they would not vote with the Government. Among the absentees were Oona King, from Bethnal Green and Bow, who was in Bangladesh, and Claire Ward, the 25-year-old from Watford, who was said to have had an important meeting to attend.

Paul Flynn, member for Newport West, said in his recent book, *Commons Knowledge*, that backbenchers were much more difficult to control than they used to be. After telling the whips he would vote against the Government on Wednesday, he was in the event unable to attend. A large number of MPs were too old, too left-wing, or simply too damn independent to be controlled, he added.

"Backbenchers are no longer disciplinable in the traditional way, but the party thinks they are. There are lots of groups that just can't be pushed around," he said.

New Labour's edifice remained intact this week, but for those who care to look closely, the cracks are beginning to show.

THE 47 DISSIDENTS

Diane Abbott (Hackney N and Stoke Newington), John Austin (Erith and Thamesmead), Harry Barnes (Derbyshire NE), Tony Benn (Chesterfield), Dr Roger Berry (Kingswood), Harold Best (Leeds NW), Ronnie Campbell (Blyth Valley), Dennis Canavan (Falkirk W), Martin Caton (Gower), David Chaytor (Bury North), Malcolm Chisholm (Edinburgh N and Leith), Ann Cwyd (Cynon Valley), Frank Cook (Stockton N), Jeremy Corbyn (Islington N), Ann Cryer (Keighley), John Cryer (Hornchurch), Hilton Dawson (Lancaster and Wyre), Jim Dobbin (Heywood and Middleton), Gwyneth Dunwoody (Crewe and Nantwich), William Etherington (Sunderland N), Maria Fyfe (Glasgow Maryhill), Dr Ian Gibson (Norwich N), Dr Norman Godman (Greenock and Inverclyde), Bernie Grant (Totterham), David Hinchliffe (Wakefield), Kelvin Hopkins (Luton N), Brian Iddon (Bolton SE), Dr Lynne Jones (Birmingham Selly Oak), Terry Lewis (Worsley), Ken Livingstone (Brent E), John McAllion (Dundee E), John McDonnell (Hayes and Harlington), Kevin McNamara (Hull N), Alice Mahon (Wrexham), Bill Michie (Sheffield Heeley), Gordon Prentice (Pendle), Brian Sedgemore (Hackney S and Shoreditch), Jonathon Shaw (Chatham and Aylesford), Alan Simpson (Nottingham S), Dennis Skinner (Bolsover), Llewellyn Smith (Blaneau Gwent), Ian Stewart (Eccles), Robert Wareing (Liverpool West Derby), David Winnick (Walsall N), Audrey Wise (Preston), Mike Wood (Batley and Spen), Lawrie Quinn (Scarborough and Whitby) was recorded as voting both for and against the amendment despite having backed the Government. So the total was 47 and not 48, as reported in yesterday's *Independent*.

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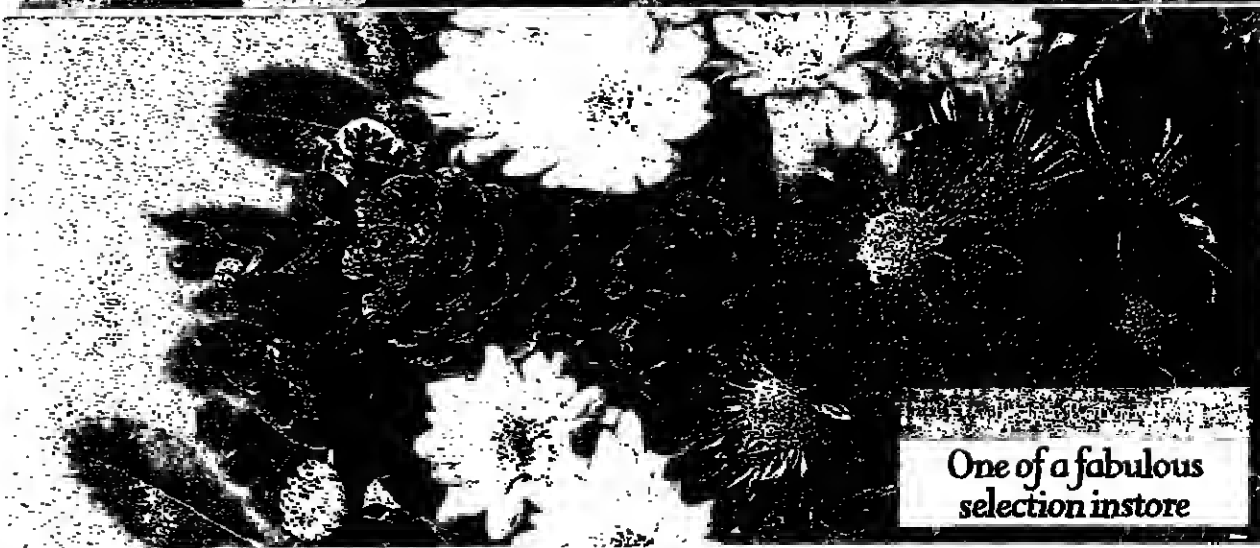
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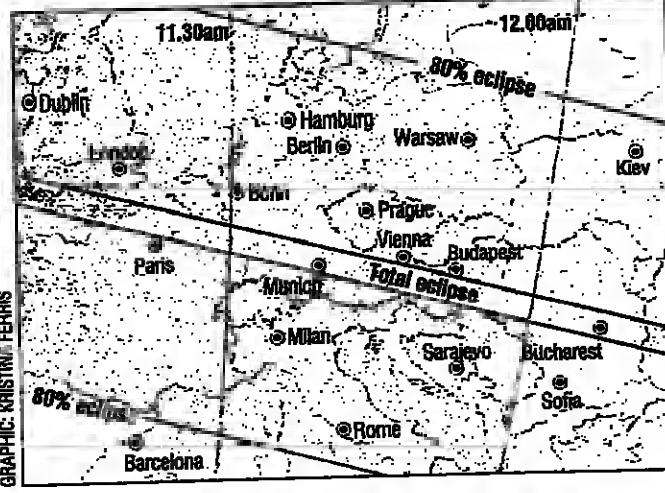
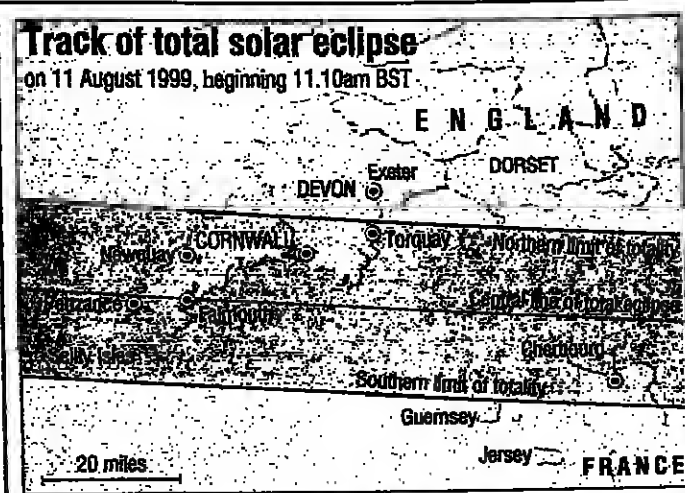
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9/ENVIRONMENT



Now the test for Kyoto resolution

Seen in the harsh light of dawn, what did more than a week of round-the-clock negotiation in Kyoto achieve? **Nicholas Schoon**, environment correspondent, examines the brave new world created by the new anti-global warming treaty.

high efficiency because it has virtually none of its own - they all have to be imported. As a result, it produces relatively few of the greenhouse gas emissions associated with those fuels considering its huge productivity and wealth. Under the final agreement, Russia has to stabilise its emissions. Australia, Iceland, and Norway are allowed to increase their global-warming pollution by 2012; they all pleaded successfully that they were special cases.

Environmentalists are, discreetly, rather pleased by the final agreement. Given how far the major industrialised nations were apart at the start of the conference, the depths of cuts agreed is slightly more than they were guessing at its start.

It was the Americans who caved in most of all, but there is a risk the Republican-dominated Congress will refuse to ratify the treaty. Jeremy Leggett, a former campaigner with Greenpeace who now promotes solar power, said: "I'm quite encouraged. Now we'll see whether this treaty starts to transform the energy industry." He said it sent a clear signal to big oil companies that their sales of polluting fossil fuels would be capped in the developed world, and encouraged them to move into renewable energy sources. In the long run, the developing countries will have to be brought into the treaty if it is to be effective in slowing the rate of climate change caused by pollution.

The most rational way of dealing with the problem seems to be the "contraction and convergence" approach advocated by the London-based Global Commons Institute. Under its scenario, every inhabitant of the planet would be allocated the same quantity of greenhouse gases to emit, divided out of a total which kept climate change within tolerable limits.

This would give every country, whatever its wealth, a certain quota of pollution. Developed countries have more than their fair share of this quota, while many developing nations still have less. The institute says all countries should be able to trade their quotas through a free market.

Things will never be the same again... perhaps. In Kyoto the nations of the world agreed on a decisive step to begin tackling the threat of man-made climate change. But it will take about six years before you can judge whether nearly 30 developed nations - which agreed to cut their annual output of six key global-warming gases - are serious about the new Kyoto protocol.

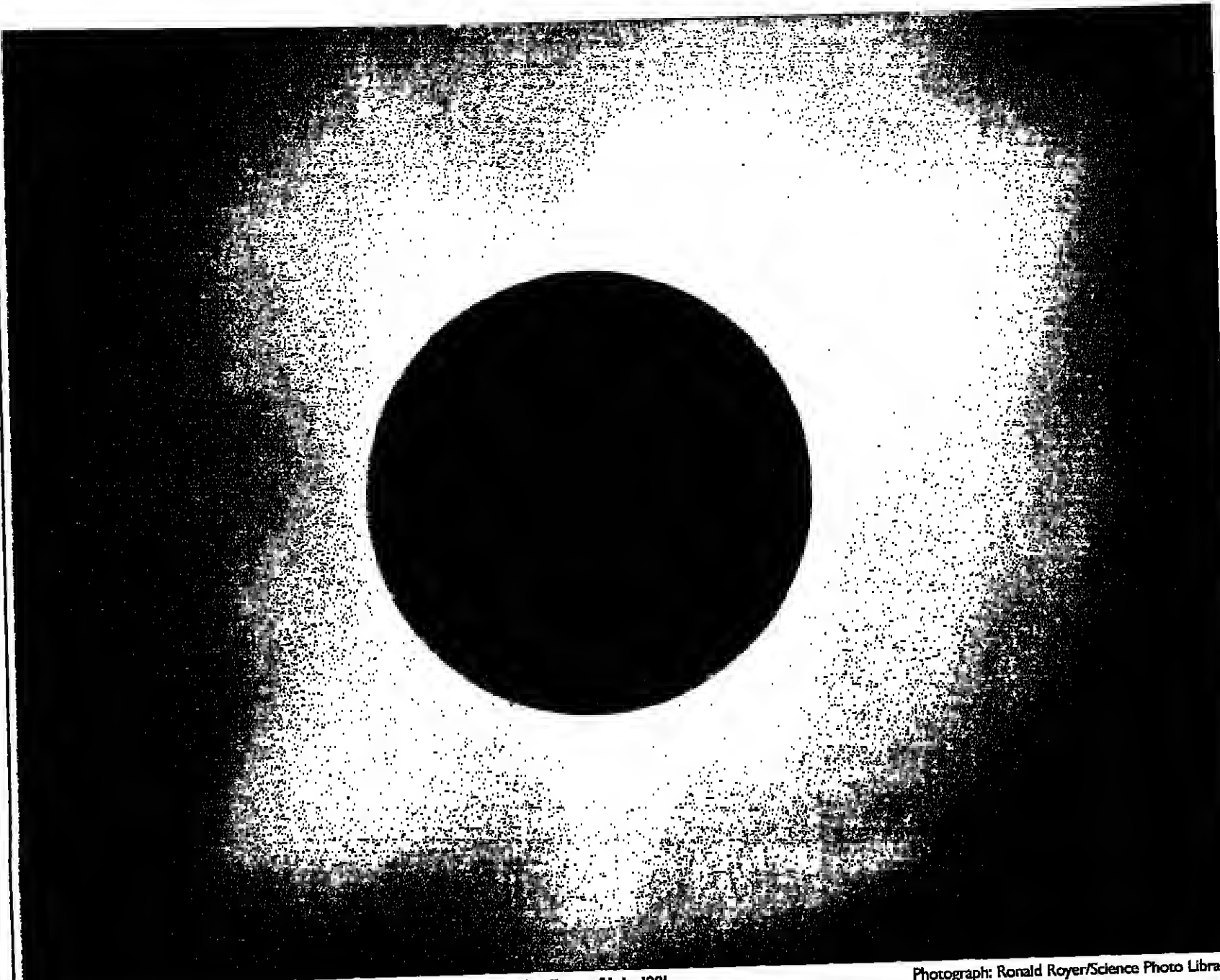
First, they will have to sign and ratify the treaty to make it legally binding - and there are major doubts about whether the highest polluter, the US, with its anti-Kyoto majority of politicians in Congress, will.

Secondly, their governments will have to make a prompt start on implementing the policies needed to stop emissions of these gases rising. They have a few years to change the upward trend into a decline in order to comply with the provisions of the new United Nations treaty.

Overall, it means a 5.2 per cent cut in annual emissions of climate-changing greenhouse gases from the developed world by 2012, compared with a 1990 baseline. The European Union has agreed to an 8 per cent cut, the US to 7 per cent and Japan to 6 per cent. Although EU nations felt strongly that the US and Japan should cut emissions with the same flat rate, the fact that they took the issue most seriously and called for a deeper cut than any other group of countries has ended up with them being allocated the largest reduction.

As for Japan, its negotiators argued remorselessly and successfully in Kyoto that the nation hosting the treaty conference was a special case. Japan uses fossil fuels with

Cornwall frets about darkness at noon



Solar power: The Sun's corona, seen from Mexico during the total eclipse of July 1991

Photograph: Ronald Royer/Science Photo Library

Darkness at noon isn't just a book title for Cornwall County Council. It is what will happen there on 11 August 1999 - the UK's last total solar eclipse until 2090. And Cornwall is worried. Charles Arthur, Science Editor, explains why.

In the past few thousand years solar eclipses have often been accompanied by panic. The disappearance of the Sun - as the Moon passes in front of it - has been seen as an omen presaging awful events and divine wrath.

Cornwall County Council, mindful of what can happen, has already begun preparing for the likely effects of August

1999. While divine wrath is low down in the list of expectations, there are some certain predictions: hotels and campsites will overflow, roads will get blocked and tempers will fray as people travel from all around the world to see the two minutes of "totality" at around 12.10pm on the 11th. And they'll all leave a lot of litter.

More worryingly, many of the sun-watchers may damage their eyesight by trying to view the eclipse without adequate eye protection. Of less concern is that streetlights with sensors may turn on automatically as "darkness" falls.

Yesterday, the council held a summit to try to predict what the human and economic effects of the eclipse will be. "It is clear we must begin our preparations now," said Steve Winston, the county's emergency planning officer. "By re-

hearsing potential problems we will ensure maximum safety for everyone, and the maximum benefits for Cornwall."

The council has applied for £50,000 in European funding to help it deal with the influx. The forecast is that up to a million people will crowd into the county. Hotels near Land's End have been booked up for some years by groups who tour the world to observe eclipses. Some local gossip has suggested that room rates for those dates are moving rapidly skywards.

The event will be the only total eclipse visible in Britain in most of our lifetimes. The last was in northern England in 1927; the next will affect London in 2090. In 1999, any part of Cornwall south of a line between Camelford and Launceston will have a partial eclipse, as will Devon as far as Torbay. However, the "totality" in

which only the sun's fiery corona can be seen, will be best seen in west Cornwall, from Penzance to Falmouth.

Traffic snarl-ups are likely to be a major problem. In 1991, Mexico's preparations for an eclipse included a ban on traffic movements for half an hour, enforced by 1,000 police and 10 helicopters. Cornwall has more road miles than any other county, and many of them are narrow and easily blocked. That in itself could pose a problem for the emergency services.

Still, the logistical problems posed by modern-day eclipses are very different in character from those of the past. In 1560, the announcement in France of a forthcoming eclipse led to widespread panic as people thought it meant an imminent day of divine reckoning and began fighting for a place in the queue for the confessional.

Labour faces rethink on greenhouse-gas curbs

Political agreement in Kyoto - but business grumblings back home. Labour's stance on greenhouse gases may have to be revised in the cold light of day. Charles Arthur, Science Editor, explains.

The UK government's role in the European Union's commitment to reduce its greenhouse-gas outputs by 8 per cent will be a tough one on three fronts.

First, Labour will have to decide how any cuts are implemented. The obvious suggestion - that all sectors, such as domestic, industrial and transport - should cut outputs of the six named gases equally, will meet opposition from groups like the Confederation of British Industry (CBI). They think the initial burden should fall on easier targets for improvement, such as the domestic sector.

Secondly, the exact allocation of cuts has to be parcelled out among EU members, and under the procedure known as "burden sharing", in which richer countries within the union have to shoulder larger cuts. The UK's share of reduction emissions may be closer to 10 per cent, rather than 8 per cent. This will be a tough negotiating issue

which Britain will oversee during its presidency of the EU next year. It has already been taking a close interest, as Luxembourg, the current EU president, recognised early on that it would not have the negotiating resources to tackle Kyoto on its own, and called on Britain for assistance.

Thirdly, the Labour Party manifesto commits the UK to a 20 per cent cut in carbon-dioxide emissions. Post-Kyoto, this seems excessive. Carbon dioxide is the least "warming" of the "basket" of six gases (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) involved in the agreement. There seems little point in making high-profile commitments to major cuts in a gas if we might meet - or even exceed - our targets by other means.

It remains to be seen whether Labour will quietly drop this target, or brandish it as an example to be achieved.

But some of the early lobbying will almost certainly come from the business sector, which is keen to escape any early strictures on its output. Michael Roberts, of the CBI, suggested yesterday that the Government should start by "plucking the low-lying fruit", and reduce energy consumption in the domestic, rather than industrial sector.

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This attitude is unlikely to change. Safety agencies and regulatory bodies in Britain do not publish the evidence they receive because officials claim that otherwise their decisions could be questioned. This still leaves many unanswered questions in the case of the BA jet and the Russian flying tank. What can be said is hundreds of lives were put in peril and the reason why is unknown.

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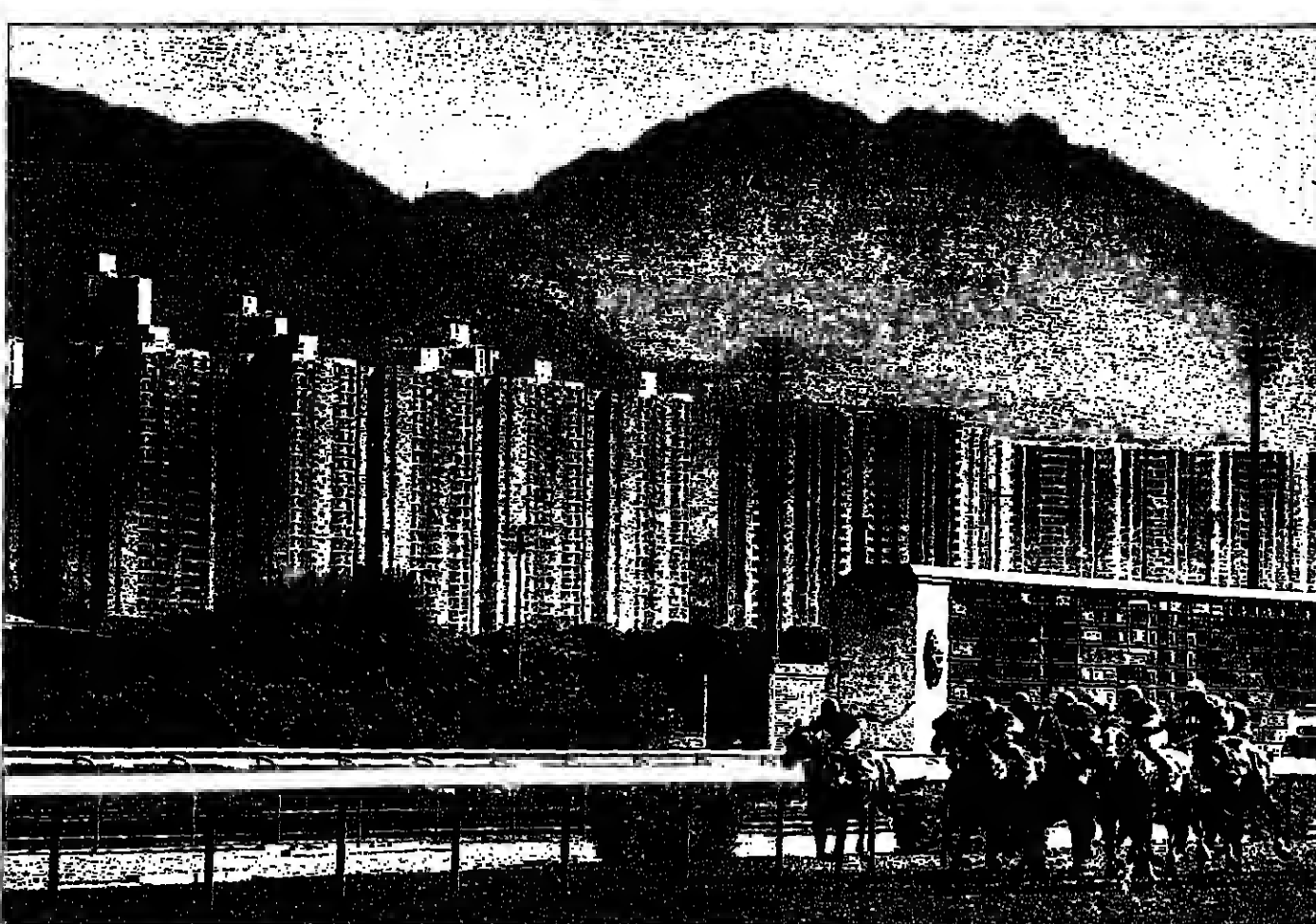
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11/HONG KONG

THE INDEPENDENT
FRIDAY 12 DECEMBER 1997
11

Courses for horses on Cook's China tour



Racing certainty: The Foreign Secretary, Robin Cook, whose schedule for a trip to China is revolving around his desire to visit Hong Kong's Happy Valley race track (above)

Robin Cook has set a problem for his officials as they plan his first visit to the Chinese mainland as Foreign Secretary. They have been told that, on the Hong Kong leg of the trip, their boss - a distinguished horse-race tipster - must have his night at the Happy Valley race track, even if it means juggling his China schedule around the race meetings. Stephen Vines in Hong Kong and Teresa Poole in Peking report.

The logistics have not been easy, because the Hong Kong races only occur on Wednesdays and at weekends and there are

other, rather more serious matters of protocol which must take priority. But Mr Cook is a frustrated race-goer. When he came to Hong Kong for the handover to Chinese rule on 1 July, the horse-racing season had finished. On a visit in May 1996, the season was on but Mr Cook had to get back to London to attend to urgent parliamentary business. So he is leaving little to chance for this third official visit.

The Foreign Secretary will therefore be in Hong Kong on Wednesday, 21 January to start his official meetings in the former colony. And that evening he will be sitting in one of the luxury boxes at the newly refurbished Happy Valley racecourse. There is little flexibility with the date, because Mr Cook's trip to China and Hong Kong has to take place in the week of 19 January in order not

to clash with the previous week's visit to Peking of Margaret Beckett, President of the Board of Trade.

Any further delay, and he will run into the following week's Chinese New Year holiday, when China effectively shuts down. He also has to fit in with the travel plans of his counterpart, Qian Qichen, who is due back from a trip to Africa just before Mr Cook's China visit.

Planning meetings are taking place to try to find a way of accommodating the demands of horse racing and Sino-British relations.

At first it was suggested by the British that the problem could be solved if Mr Cook arrived first in Guangzhou (Canton), moving from there to Hong Kong, and then to Peking for a day of meetings on Thursday, 22 January.

To Chinese eyes, this would be a big break with established diplomatic protocol, which demands that a visiting foreign secretary should make Peking the first stop on the mainland.

Nevertheless, a request was made to the Chinese for this schedule.

Before the Chinese replied, the logistical problems of organising this itinerary began to worry UK officials.

It would have meant Mr Cook leaving the Happy Valley race track just before the last race on 21 January. He would then have been whisked to the airport and flown by a government VC-10 to Peking, arriving early on Thursday, where Chinese protocol officials would have had to turn out in the middle of the night at the airport to meet him.

Nevertheless, this was still the plan at the beginning of this week, but wiser counsel seems to have prevailed. The night at the races is still safe but the Guangzhou stop of the visit has been dropped, despite the original notion that it was useful for Mr Cook to see somewhere in mainland China other than Peking. The British side hopes Mr Qian will be available slightly earlier that week, so Mr Cook will arrive first in Peking and fly to Hong Kong by Wednesday, and back to London. He will not get the chance to see a bit more of China - but will get to Hong Kong in time for the races.

One obvious benefit of the revised timetable is that Mr Cook will be able - if he wishes - to make use of normal scheduled flights, rather than needing his own plane for a late-night Hong Kong-Peking flight.

Although the planning of the visit has been complicated by the lure of the turf, Mr Cook has serious business to transact. The main purpose of the visit is to build on the warming relations between London and Peking since the Hong Kong handover. He will also lay the ground for the planned Tony Blair trip later this year. Mr Blair met President Jiang Zemin in Hong Kong the night of the handover, with much banter from the Chinese side about the youth of the new British Prime Minister.

Mr Cook's love of horse-racing might also make for some friendly exchanges.

Chinese officials love going to the races in Hong Kong. Larry Yung, the son of the Chinese vice-president Rong Yiren, is a senior steward of what used to be called the Royal Hong Kong Jockey Club - now simply known as the Hong Kong Jockey Club.

Lassitude rules as economy sinks

When Britain packed its bags and left Hong Kong, the general expectation was that the post-colonial regime would be preoccupied by political problems. Instead, it is becoming overwhelmed by an economic crisis. But, as Stephen Vines reports, the people who run the government are showing few signs of recognising the gravity of the situation.

A sharp recession is already starting to take its toll on Hong Kong, but in government circles there is a pervasive sense of smug complacency.

An opinion poll conducted last week showed a sharp dip in public confidence in the economy. Last summer more than 80 per cent of those polled were expressing confidence. The recent poll showed that 60 per cent still felt able to remain optimistic. This is a low figure by Hong Kong standards, because people here tend to be resolutely bullish.

The reasons for pessimism are not hard to find, although official statistics have yet to reflect the problems. Carrie Lee, who runs a stationery business, said: "We just sit around at the moment, waiting for the phone to ring. Everyone is being very careful; they don't even want to spend money on paper." The owner of a hitherto successful graphic-design business said he had cut staff and moved the rest of the business into one floor. He used to occupy three. "After October business just dried up, our cash flow disappeared. I've never seen it so bad."

Even in the financial sector, where bumper bonuses were the order of the day, layoffs are gathering pace: one large investment house has

laid off a third of its staff. A slump in tourism, one of Hong Kong's biggest currency earners, is producing redundancies in hotels and restaurants. The Japanese-owned Yaohan department-store chain, one of the biggest in the territory, has gone into liquidation, throwing 1,000 people out of work.

A newspaper poll yesterday showed 75 per cent of employees surveyed feared they would lose their jobs. Interest rates are rising to historically high levels as a result of what is increasingly looking like a panicked reaction by the monetary authorities to counter speculation against the local currency. This is squeezing the business sector and causing pain for holders of modest home loans.

The property market has responded rapidly to the interest-rate rise, with transactions practically grinding to a halt and prices plunging by as much as a third. A medium-sized estate-agent chain went into liquidation.

In these circumstances the administration might have been expected to show some appreciation of the problem.

But Tung Chee-hwa, the Chief Executive, keeps reiterating that "everything is fine".

Sir Donald Tsang, his financial secretary, recently predicted "the dust might settle down by Christmas". He refuses to admit that the economy is in decline and sticks to his forecast of 5.5 per cent growth for the coming year.

This is treated with incredulity by some local economists. The conservative Hang Seng Bank, for example, is predicting growth of no more than 4 per cent. Sir Donald's target could be met only by an infusion of Keynesian-style government intervention, which would probably mean a massive public-housing construction spurge, which would lead to high inflation, raising Hong Kong's already high prices.

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Hutu slaughter of 200 Tutsis reopens Rwanda's wounds

Hutu rebels in Rwanda appear to be stepping up their attacks on Tutsi survivors of the 1994 genocide, Brennan Linsley of Associated Press reports from Kigali on the latest atrocity.

Suspected Hutu rebels attacked a camp for Tutsi refugees in north-western Rwanda yesterday, killing as many as 200 people.

The attackers raided about 100 tents in the camp, which houses several thousand refugees from the Masisi area in neighbouring Congo, according to Paula Ghedini, spokeswoman for the United Nations High Commissioner for Refugees. The Rwandan military put the death toll at 230.

The marauders used hand grenades, machetes and guns during the 15-minute, early morning raid, said Colonel Kayumba Nyamwasa, a regional commander of Rwanda's Tutsi-led army.

Col Kayumba said soldiers had been unable to repel the attackers, who fled into Congo after the slaughter. The UNHCR requested medical supplies for about 200 wounded being treated at the hospital in Gisenyi, about 100 km north-west of the capital, Kigali.

It was the second attack on Mudende

camp since August, when more than 100 refugees were killed during a raid blamed on Hutu rebels.

The refugees had fled the Masisi region in mid-1996 to escape attacks by Hutu rebels, who were then based at the refugee camps in eastern Zaire, since renamed Congo.

Authorities say the rebels, responsible for the deaths of 500,000 minority Tutsis in Rwanda's 1994 genocide, have mixed with more than 1 million Hutu civilians who returned to Rwanda late last year.

Rwanda's Tutsi-led government blames the rebels for a surge in violence in the north-western corner of Rwanda. Barely a week passes without a rebel ambush or an attack on a jail.

Yesterday's attack coincided with US Secretary of State Madeleine Albright's one-day visit to Kigali, where she met President Pasteur Bizimungu and Vice President Paul Kagame.

Ms Albright said: "There is clearly room for improvement in the human rights record for Rwanda. Given the history of the genocide... we understand how difficult it must be for them. A lot has been done already [to improve human rights] but they have a long way to go."

Ms Albright said the US was determined to help Rwanda come to terms with the aftermath of the 1994 genocide.



Insect appeal: A popular children's pet in Queensland, Australia, is the world's biggest cockroach, *Macropanesthia rhinoceros*, which is 80mm long and weighs 35 grams. It is seen here alongside the common roach. Photograph: Jeff Wright/Reuters

Chileans run away from election duty

Chileans hid in bushes, climbed up poles, locked themselves in bathrooms, feigned illnesses and alleged they could not read or write to avoid being pressed into electoral inspection duties yesterday.

The mid-term legislative election was delayed in many of the 28,523 polling stations as authorities failed to find enough citizens willing to serve as inspectors. Officials said the difficulties were especially felt in Santiago, where media reported that people hid from soldiers guarding the polling stations.

Carlos Figueroa, the interior minister, who organised the election, was unable to cast his ballot because his polling station lacked the required number of inspectors.

Figueroa told reporters that electoral authorities would have to enforce a law which stipulates that the first three citizens who show up to vote must be appointed as inspectors, unless they have a valid reason not to.

Voting is mandatory for Chile's 8.6 million registered voters. Pollsters, however, have forecast that one-third of the electorate could cast valid ballots or not even bother to vote.

— Reuters, Santiago

Netanyahu's wife comes under fresh press attack

The wife of Benjamin Netanyahu, the Israeli Prime Minister, was thrust into the eye of another storm in Israel yesterday over a newspaper report which alleged that she had abused her position and tormented subordinates.

Mr Netanyahu's office issued a blanket denial of the claims made about his 39-year-old wife Sara by *Yedioth Ahronoth*, Israel's best-selling daily. A spokesman said: "We don't react to such gossip." The report, which dominated radio chat shows for hours, was the latest salvo against the first lady.

Among the allegations, attributed to unnamed officials and witnesses, was a claim that

Sara Netanyahu kept an office in the prime ministry building, two secretaries and a media adviser, at the taxpayers' expense.

The newspaper also alleged that she had fired three nannies and two secretaries since Mr Netanyahu took office 18 months ago, thrown shoes at a housekeeper because they weren't polished properly and forced erstwhile friends to address her as "Mrs Netanyahu". Mr Netanyahu, who put his family in the spotlight during an American-style election campaign last year, has portrayed Sara, his third wife, as the victim of a hostile press and a no-holds-barred opposition.

— Reuters, Jerusalem

Floods kill 81 in Somalia

Floods in Somalia have killed 81 more people, bringing the death toll to almost 1,700 since rain began to deluge eastern and southern Somalia in late September, aid agencies said yesterday.

More than 230,000 people have been displaced and almost 30,000 livestock are reported killed, according to a statement by the Nairobi-based Somalia Aid Co-ordination Body (SACB).

Aid officials, who collate daily casualty figures, say flood-related diseases such as malaria account for an increasing number of the 1,695 deaths.

— Reuters, Nairobi

US to tackle computer bug

The Clinton administration intends to order more than a dozen federal agencies to redirect hundreds of millions of dollars in their technology budgets to fix the year 2000 computer problem, an administration official said yesterday.

Many old programs that recognise dates in two-digit formats - "97" for 1997 - will run away as the century turns, unable to distinguish 2000 from 1900. The government may spend up to \$4bn (£2.5bn) to avert widespread government computer crashes from the so-called "millennium crisis".

— AP, Washington

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Cherry-picking Europe expands eastward



Joining the club: Citizens of Tallinn, Estonia, and nine other former Soviet bloc countries will soon be welcomed to the European Union fold

Photograph: K. Gillham

European Union leaders meet in Luxembourg today to start the process of admitting millions of central and East Europeans to the bloc. But divisions over monetary union, Turkey, and a row about the money to pay for expansion could overshadow a momentous occasion in the post-Cold War era, reports Katherine Butler.

first with a dispute over Britain's exclusion from the new single currency club, are expected to have agreed an enlargement strategy which picks the cherries off the east European tree. They will invite the Poles, Czechs, Hungarians, Slovenians and Estonians, as well as the Cypriots, all of whom have been judged ready to enter negotiations on 31 March.

After years of wrangling about the danger of opening new dividing lines in Europe if they start with just a chosen few, the selective approach appears to have won out. The Swedes and Danes are set to drop demands that all three Baltic states be brought in to the bloc at the same pace.

But the deal will be packaged in such a way as to mollify the disappointed East Europeans, allowing them to claim that they are not being shut behind what the Foreign Secretary Robin Cook calls a Velvet Cur-

tain. The Latvians, Lithuanians, Slovaks, Bulgarians and Romanians will be officially declared candidates and admitted in March alongside the front-runners to a "screening" procedure under which their economies will be vetted against the European "acquis" - the 90,000 pages of single market legislation which all applicants have to take on board.

In theory any of them will be free to move into full negotiations as soon as they make the grade. But a longstanding dilemma over Turkey, which first applied to join the EU in 1963, could still hijack the summit. Greek Prime Minister Costas Karamanlis has threatened to veto plans to invite Turkey to a standing "European Conference" originally conceived as a grand launch of the enlargement process, for all applicants. It will be opened by the Queen in London in February.

Tony Blair, who was lobbied by the Turkish prime minister earlier this week, will be among those leaders who will insist that Turkey be given equal billing as a potential EU member. Britain

signed to give Ankara the impression it, too, was part of the "European family" - even though few member states are comfortable about the prospect of Turkish membership because of the country's relative poverty, its size and religious make-up.

To appease Athens, the other leaders may have to agree that the standing conference will seek to tighten links between all "European" countries on such matters as human rights reform, drug trafficking and crime but make no reference whatsoever to EU enlargement. That formula would however rob the conference of any meaning since the Council of Europe already exists to promote loose links between 40 European governments.

Spain, the biggest beneficiary of grant aid from the bloc's structural funds, fears that the admission of countries where telephones are still a luxury will squeeze the existing poorer regions. The Spanish reject the proposal that a tight budget ceiling to cover expenditure up to 2006 be written into the

Luxembourg conclusions. But Germany, despite wanting to see its eastern neighbours admitted as soon as possible, is adamant there will be no extra money beyond what is generated by a projected EU growth rate of 2.5 per cent.

The Germans, who pay most of the EU's bills, have already demanded a rebate on their own budget contributions and are resisting any radical reforms to the Common Agricultural Policy even though enlargement would double the number of farmers dependent on it.

The French, fearing that enlargement will push the EU's cumbersome decision-making machinery into paralysis, want a pledge from the summit that internal reforms will be carried out before any new members are admitted. This would involve a hugely controversial shake-up to voting strengths and national representation in the European Commission.

consider it essential to keep alive membership hopes as a way of boosting pro-Western reformists and dampening the rise of Islamic fundamentalism.

For Ankara, a declaration from the summit of Turkey's eligibility as an official "candidate" on the same criteria as other applicants would be a victory. But the Greeks hold a veto on this and are seeking to add a further human rights condition.

Potentially even more explosive to the whole enlargement plan is its impact on the EU's hugely expensive farm and regional aid policies. Spain, the biggest beneficiary of grant aid from the bloc's structural funds, fears that the admission of countries where telephones are still a luxury will squeeze the existing poorer regions. The Spanish reject the proposal that a tight budget ceiling to cover expenditure up to 2006 be written into the

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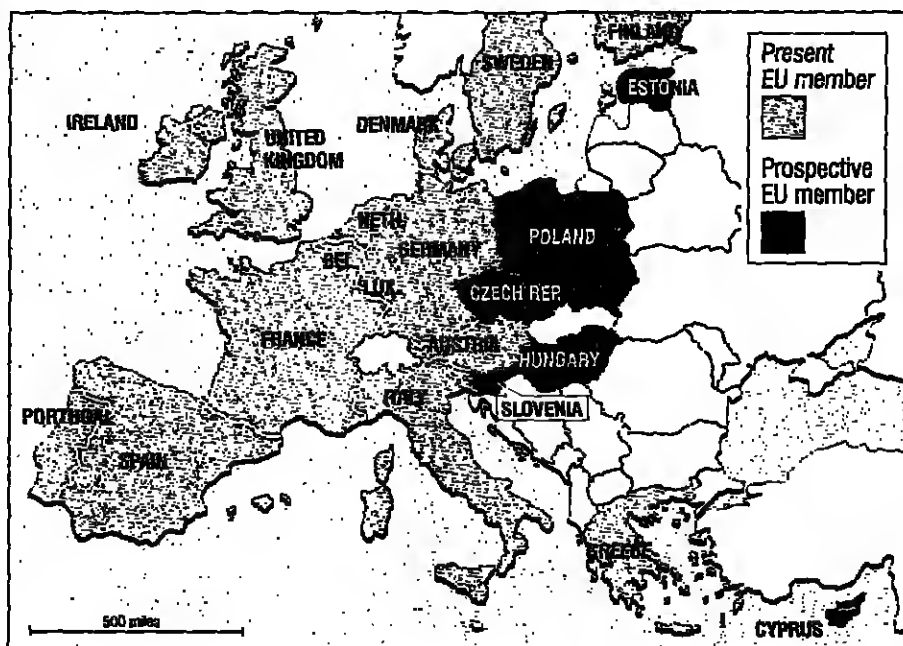
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Bigger and bigger: How the class of '51 made it to 15



First, there were six. The original European Coal and Steel Community treaty in 1951 was signed by Belgium, West Germany, France, Italy, Luxembourg and the Netherlands.

The same countries signed up in 1957 to the Treaties of Rome, which established the European Economic Community, the forerunner of today's European Union.

Then there were nine. After protracted negotiations, Denmark, Ireland and the United Kingdom became members in 1973, taking the EC outside its historic continental heartland - and beginning, some would argue, all the problems of the last 25 years.

Nine became ten in 1981,

when Greece, newly liberated from military rule, was admitted, the first in a southwards movement.

Spain and Portugal joined in 1986, taking the total to twelve.

Two became one in 1990, when West Germany unified with East Germany, adding a whole new direction of movement: East.

Fifteen is the current total, after Austria, Finland and Sweden joined in 1995, taking the EU to the borders of Russia and the Arctic Circle.

The next step is to deal with five East European applicants - Poland, the Czech Republic, Hungary, Slovakia and Estonia - and Cyprus.

That would take it to twenty-one members by the beginning of the next century.

But there are six other applicants, which are not deemed ready yet to begin membership negotiations.

Five are from Central and Eastern Europe - Slovakia, Bulgaria, Romania, Latvia and Lithuania. The sixth is Turkey, which is a more distant prospect for membership. That would take membership to twenty-seven. Other past applicants include Norway, which rejected the idea in a referendum, Malta, which has also cooled to the idea, Morocco and Switzerland.

If all the applicants were to join, the EU would have 30 members.

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Defence ministry aided neo-Nazi 'Aryan' project

The German government is under fire over the army's links to neo-Nazis. *Imre Karacs reports from Bonn on the latest revelations.*

The German Defence Minister was yesterday accused of misleading parliament over army donations to a neo-Nazi led organisation which seeks to repopulate East Prussia with Aryan stock.

On Wednesday Volker Rühe had told the Bundestag's defence committee that his ministry had been unaware that the beneficiary of its largesse had been the convicted neo-Nazi terrorist Manfred Roeder. But according to an investigative report aired on national television last night, Roeder's name appeared on the begging letters sent to the ministry.

Roeder, one of the best-known neo-Nazis in Germany, had spent eight years in jail for a multitude of crimes, including arson at a refugee home which claimed the lives of two Vietnamese immigrants. According

to the television report, he had first approached the defence ministry in 1993, three years after his release from jail.

Roeder wanted help for his organisation - a registered charity - to conduct "humanitarian work" in the Kaliningrad region of Russia, formerly known as Königsberg. The aim of the "charity" was never concealed: to gather ethnic Germans from all over the former Soviet Union in the now Russian city of Kaliningrad.

At the recommendation of the German foreign ministry, Roeder received from the army a van and two smaller vehicles, as well as tools and smaller donations. In 1995 Roeder was invited to lecture at the Bundeswehr academy about his "humanitarian" work.

"Roeder's appearance at the Academy shows that we are unfortunately not dealing with just a couple of drink-crazed thugs in uniform," commented retired general Gerd Schmückle yesterday. "The scandal reveals staggering weaknesses in leadership at the Hardthöhe [Defence Ministry]." Mr Rühe's assertion is that

Roeder had somehow duped his way into the Academy, and nobody noticed with whom they were dealing. Furthermore, the defence ministry claims that the vehicles for Roeder's "charitable" work were obtained by another member of the organisation not noted for neo-Nazi activities. Germany keeps detailed lists of political extremists, which are circulated to all government departments. Roeder would have been somewhere in the top 10 of these lists.

If it emerges that the ministry had dealt with Roeder in person in its official correspondence, Mr Rühe's last line of defence - sheer stupidity - collapses. In yesterday's heated parliamentary debate, the Green MP Angelika Beer directly accused the minister of lying.

The Greens and the Social Democrats are jointly calling for a parliamentary inquiry, beyond the independent inquest ordered by Mr Rühe.

Once regarded as one of two possible successors to Chancellor Helmut Kohl, Mr Rühe's political prospects now appear limited to hanging on until elections next September.



Cool customer: An elderly ice-swimmer, one of the self-styled 'walrus' who believe their hobby helps build resistance to illness, takes to the River Neva in St Petersburg yesterday. Photograph: Reuters

Goose is cooked for traditional foie gras producers

Ducks have waddled past geese as the source of foie gras, the gourmet pâté treat traditionally consumed in France at Christmas, the government reported yesterday.

More than 10,000 tonnes of foie gras - the fat-laden liver

from force-fed birds - came from ducks last year compared to about 540 tonnes from geese, the agriculture ministry said.

This year, it added, even more would come from ducks because they grew faster, needed little cage space and could

be force-fed by hydraulic or pneumatic machines.

Most of the farms raising geese to produce foie gras use traditional methods, bringing them up in the farmyard and stuffing whole grains down their throats on an individual basis.

Little foie gras is consumed outside France. A few dozen tonnes are exported to Japan, but the United States bans imports on the grounds that the force-feeding process constitutes cruelty to animals.

— Reuters, Paris

Grave Yeltsin appears on television

President Boris Yeltsin appeared on Russian television yesterday a day after going down with an acute viral infection and being ordered by his doctors to rest.

The Kremlin said the 66-year old president's illness was not serious but Mr Yeltsin had to cancel plans to record a radio broadcast to mark today's Constitution Day public holiday.

The official television footage, released without sound, showed Mr Yeltsin greeting his chief-of-staff, Valentin Yumashev, at the Barvikha sanatorium outside Moscow, where the president is expected to stay for up to 12 days.

Mr Yeltsin moved relatively freely but looked grave and did not smile.

"The president is in some discomfort and has a temperature of 37.3C," said a Kremlin statement.

Bulgarian President Petar Stoyanov, who had been due to visit Moscow next week, told reporters in Sofia he had spoken for 20 minutes by telephone with Mr Yeltsin yesterday and that his trip had been postponed until February or March.

The Kremlin dismissed a Western media report saying Mr Yeltsin had suffered a renewed bout of heart trouble.

— Reuters, Moscow

Spanish tycoons chip in to keep their king at sea in some style

Spain's royals, like their British counterparts, have a problem with their clapped-out yacht. But for King Juan Carlos, help may be at hand. Elizabeth Nash reports.

King Juan Carlos yesterday welcomed to the Zarzuela Palace near Madrid a delegation of Spanish businessmen who want to buy him a new yacht to replace his much-loved but ageing *Fortuna*. The 25 entrepreneurs from the Balearics have set up a Cultural Tourism Fund to raise 3bn pesetas (£13m) for the purpose in appreciation of the King's help in boosting the image of their islands.

The royal family holiday every year in their summer palace, Marivent, on Mallorca, where the *Fortuna*, given to the King in 1979 by King Fahd

of Saudi Arabia, is usually moored. It has provided countless photo-opportunities for visiting dignitaries from Diana, Princess of Wales to Bill and Hillary Clinton.

The businessmen want to order the new craft to be made ready for the summer of 1999. It will be constructed on the lines of one built for the king in 1992 but which for reasons of economy he declined. The shipyard was owned by Banesto bank, whose boss, Mario Conde, tried to give the yacht to the King as a present. But he declined the offer from the man who was shortly to be sacked in disgrace, and who is on trial for fraud.

Unlike Britain's royals, who are awaiting a decision on what will be done with the *Britannia*, King Juan Carlos and Queen Sofia have no private fortune of their own. They must be tempted by an offer, backed by the is-

lands' regional authorities, that seems unlikely to arouse controversy.

The tycoons are mostly men from humble beginnings who have in 30 years made fortunes from the economic revolution that transformed the islands of Mallorca, Minorca, Ibiza, Formentera and Cabrera into one of world's most popular tourist destinations. Their leader, Gabriel Barcelo, who runs a hotel chain, started as a busdriver.

Fortuna has suffered a number of embarrassing mechanical failures in its 18-year history. Perhaps the worst moment for the King was in 1988, when, with the Prince of Wales on board, the yacht had to be towed into the Mallorcan port of Soller by two fishing boats. In 1995 *Fortuna* had to withdraw from the King's Cup regatta after a propeller fault caused an explosion in the engine room.

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£25,000+	6.40	5.12		£10,000+	5.00	4.00	
£50,000+	6.50	5.20		£25,000+	5.50	4.40	
£100,000+	6.70	5.36		£50,000+	6.00	4.80	
£250,000+	6.85	5.48					
Monthly Interest		Monthly Interest		Monthly Interest		Monthly Interest	
Up to £10,000	Gross %	Net %		Up to £5,000	Gross %	Net %	
£10,000+	5.85	4.68		£5,000+	4.17	3.33	
£25,000+	6.04	4.83		£10,000+	4.65	3.72	
£50,000+	6.22	4.97		£25,000+	4.89	3.91	
£100,000+	6.32	5.05		£50,000+	5.37	4.29	
£250,000+	6.51	5.20			5.85	4.68	
£250,000+	6.65	5.32					
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£25,000+	5.37	4.29		£10,000+	4.94	3.95	
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Ex-chairman damns Opera House report

Lord Chadlington, who quit as chairman of the Royal Opera House last week, has angrily hit back at a scathing parliamentary report which forced his resignation. Alexandra Williams looks at the accusations directed at Gerald Kaufman, head of the Commons Culture Committee.

Last week the Culture, Media and Sport Select Committee delivered a damning indictment of the management at one of Britain's greatest cultural institutions.

The running of Covent Garden was "chaotic" and a "shambles" and the embattled board was told to resign.

The chairman of the board, Lord Chadlington, duly did so the day after the blistering 20-page publication, saying that was the honourable thing to do.

His resignation speech was measured: "In the end I felt I don't want to be regarded as a public figure who sits on the

fence until someone pushes them off. I've been there only a year, but the responsibility lies with the board. I must give a lead, as a matter of honour."

However, yesterday he furiously hit back at the "hysterical hyperbole" of the report, accusing the Committee of a "gross abuse" of its privileges for attacking "on the flimsiest of evidence and innuendo" public-spirited people who freely gave their time and money to the cause. Writing in *The Spectator* magazine, under the headline "Gerald, you're wrong ... and hysterical too", he said: "The language in which the committee's report is written - of which Mr Kaufman seems so proud - is insulting in the extreme."

The committee of 11, chaired by Mr Kaufman, the Labour MP, launched the inquiry in July. It concluded that it would prefer to see the House, facing the worst financial crisis in its 51 years, "run by a Philistine with the requisite financial acumen than by the succession of opera and ballet-lovers who have brought a great and valuable institution to its knees."

The Royal Opera House has received £78m lottery money and an annual subsidy of more

than £14.5m but has an operating deficit of £4.5m, which is expected to double by the end of 1999. Last month the second rescue package this year saved the house from insolvency.

Yesterday, speaking from Florida, Lord Chadlington said: "The *Spectator* article was extremely easy to write because it just flowed and is exactly how I feel. Enormous strides have already been made in putting the House in order and as for the exclusivity of House that's the very thing I was addressing."

Whilst he accepted that change was needed, he said he had already initiated much change, particularly in financial controls, management information and corporate governance. He implied that he felt the committee had abused its powers by hounding people out of office and discrediting the efforts of management rather than just advising government.

Chris Smith, Secretary of State for Culture, is expected to make an announcement concerning the future of the House next week. A department spokeswoman said: "Lord Chadlington's comments are his personal opinion, not something we would like to comment on."



Consuming passion: This year's festive offering by London's Tate Gallery, called *Christmas Tree 1997*, by Michael Landy, 34, symbolises society's waste. Called a 'deeply moral work', its features include a Teletubby, plastic bags and a pizza box. Some items will be recycled. Photograph: Andrew Buurman

BBC to tape the people's 20th century

The BBC has unveiled the first of its plans to mark the millennium. Paul McCann, Media Correspondent, explains why its scope may give a voice to those who history has ignored.

The BBC is to produce the biggest oral history archive in the country by recording nearly 3,000 hours of people talking about their lives during the 20th century as part of its plans to mark the millennium.

Up to 500 hours of the archive will be broadcast on BBC local radio in 1999, while the rest will be made available to the Millennium Dome, the British Library, local libraries and touring exhibitions.

As well as the £1m oral history, which will be broadcast in 2000, the corporation has commissioned a £5m, 16-part history of Britain which will be written and presented by Simon Schama, professor of history at Columbia University in New York.

The oral history project will be compiled by the BBC's 38 local radio stations in England and the radio stations in Scotland, Northern Ireland and Wales. The plan is to talk to young and old people about their lives at various times during the century. The interviews will be used to build up an archive of social history that can be accessed by CD-Rom and audio tape.

Michael Green, former controller of Radio 4, who is to direct the project, said: "The factor that makes this unique, apart from its sheer scale, is the way it will focus on social histories. It will not be about how Governments fell, but about the everyday lives of everyday people in every corner of the land."

Dr Simon Szreter, lecturer in social history at Cambridge University, said: "It's colossal. Oral history is important because it gives you access to areas of history that are neglected by formal documents. It gives insights on the history of the working class, the history of women, or children or the history of sexuality. This is undoubtedly a very good initiative."

For BBC television the millennium will be marked by a history of Britain since the Romans. It too will cover the history of how people lived. Professor Schama said: "It's time for the popular medium of our time - television - to reintroduce the astonishing history of Britain's past, big with glory and disaster, misery and splendour, to a new generation. It's time to rediscover the meaning of being British."

Kirsty tunes in for £500,000

Newsreader Kirsty Young's position as the brightest thing on Channel 5 was confirmed yesterday when Talk Radio signed her up to present its daily breakfast show in a deal worth £500,000. It marks a growing trend for broadcasters to work across a number of outlets at the same time.

Young, 28, will continue to present the Channel 5 evening news, where she has made a success of a unique format that involves her perching on a desk and walking around the studio. The current presenters of Talk Radio's breakfast show, Paul

Ross and Carol McGriffin, will move to Talk's weekend morning show. The breakfast show is a mixture of news, entertainment interviews and phone ins.

Other news programmes are understood to have been approaching Young, but she recently signed a new contract to stay with Channel 5 until 2000. The channel's news programme has been praised for its new approach: the format less formal, with shorter news items and the news agenda dictated less by Westminster reports and concentrating more on "consumer interest" items. In a separate

boost yesterday, the news show picked up the Royal Television Society's craft and design award for the look of the show.

Its style is designed to attract a younger audience than traditional programmes and the show has been getting respectable ratings of around half a million. The distinctiveness of the show was confirmed last month, when the Independent Television Commission allowed Channel 5 to move Young's news to 7pm from January, the same time as Channel 4's news, because they serve very different audiences. Paul McCann

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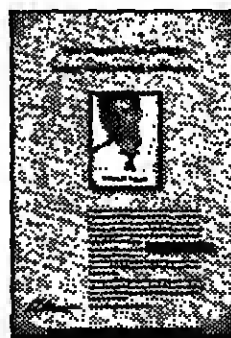
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Sisterly love – can a Piccadilly prayer reach Chechnya?

Nobody knows the fate of Camilla Carr and Jon James but, writes Jack O'Sullivan, has been added to silent hope.

This Christmas, Alexandra Little will be tucked up in her comfortable house with husband and four children. For the 41-year-old ex-model, with her alarmingly perfect white teeth and coiffured hair, there will be all the expensive pleasures that success in the advertising world provide in the Surrey stockbroker belt.

Meanwhile, her sister Camilla Carr may well, if she is still alive, be stuck in a freezing cell in some devastated quarter of Grozny, the prisoner of Chechen handits who kidnapped her and Jon James, her partner, last July.

The Carr sisters are very different creatures. If they weren't related, perhaps they wouldn't want to know each other. When they were at public school in Shrewsbury, Camilla, jaunty and earnest with her long curly hair, was head of hockey, while her sister preferred to hide in the art room ("I hated all sport"). Afterwards Alexandra plunged lucratively into the commercial world of Soho advertising, while Camilla went off to Amsterdam to put on what Alexandra now remembers as "very wild, no I can't use that word, let's say 'avant garde' plays." She later became a respected sculptor. In Jon James she found a kindred spirit. The son of a Gloucestershire postman, he has spent much of his life involved in alternative therapies and has particular interests in Native American and Celtic cultures. An outdoor type, at the age of 10 he famously canoed the Severn tidal bore. "He only ever wants enough money to live on," says his mother, Doris.

Alexandra remembers a winter visit the pair made to her weekend cottage at Lyme Regis. "They just peeled off and ran down for a swim in the sea. It was the middle of February. Even my Norwegian au pair was amazed."

Still, it wasn't easy for Alexandra to understand why, last April, Camilla decided to drive across Europe with James, 37, to Grozny. Each left a young son behind. They took an old Lada. The family still marvels at a photograph of them crouched over a stove just after they had arrived in Grozny: "No key, no electricity, so we make tea," is scribbled on the back.

Now Camilla's survival, and her abducted partner's, could depend on Alexandra's ability to wage a campaign of which Jill Morrell would be proud.

It started this week, when families of the kidnapped couple held a special service at St James', Piccadilly. The opening hymn was Camilla's favourite – "Lord of the Dance", dozens of candles were lit by the congregation and everyone held hands for a "magic squeeze" that rippled through the congregation. Terry Waite reminded the families of an occasion when his wife read newspaper headlines saying he was dead. Never believe anything you hear until it is confirmed, he advised. John McCarthy spoke. "If they get any hint," he said, "that we are all here launching this cam-



Waiting: Alexandra Little has had no news of her sister Camilla (below) for months. Below right, Camilla with Jon James in Grozny. Brian Harris

paign, it will give them a huge amount of support and encouragement."

For five months the family had remained silent about the kidnap in accordance with the Foreign Office's desires; they had hoped that working behind the scenes would do the trick. But when that policy failed even to confirm

Blur will help us," says Alexandra.

Although Camilla's brother, Raj, is involved, as is the family of Jon James, Alexandra is the central figure. Her husband, David Little, creative director of the London advertising agency Davies, Little Cowley, has helped organise the campaign. He's strong-jawed with a

their feet on the ground." It was always so. Camilla and Alexandra's father was an Old Etonian bomber pilot in the Second World War, whose wife Helen supplied the bohemian strain, graduating from the Slade School of Fine Art. She is descended from Thomas Cobbe, a British army officer who famously married an Indian princess from

Udaipur in the last century and died on his journey back to Ireland leaving her with 10 children. Camilla took after her mother's side of the family. The pair share interests in spiritual healing and Sufism. "Camilla and I," says the mother proudly, "travelled together to Rajasthan in 1994 to a conference held by the Brahma Kumaris to promote world peace."

I ask Alexandra how she is coping with the kidnap. "There are days and days when you don't sleep," she says, "and then days when all you do is sleep because you are so tired. I had a lot of nightmares, especially at the beginning, imagining that Camilla was in a dark wet cave. More recently, I have felt that she is being looked after in better conditions. I don't

know why, but I just feel it. It is more than likely that she has been moved. Maybe they have been sold on by their kidnappers for financial reasons."

"Hearing about the kidnap was a terrible shock. I had been to my daughter's speech day. We had heard on the car radio that a British married couple had been kidnapped in Chechnya, but I put it out of my mind because Jon and Camilla aren't married. Then when I got home about six, my mother-in-law was on the phone and said, 'Turn on the television immediately. It's Camilla – I think she's been kidnapped.' So I turned the television on and I could see Camilla's face staring out at me."

The sisters had spoken only a few days before, when Camilla had been in Moscow, buying furniture for The Little Star, the centre for rehabilitating traumatised children, run under the auspices of the Centre for Peacemaking and Community Development, a Quaker aid organisation. "There seemed to be no hint of danger. They seemed to be OK. They asked me to buy tennis racquets and send them over to the children. I was just about to buy them when the news came through."

This Christmas, their families hope the great physical and spiritual strength they have gathered during unconventional lives will carry them through the kidnap ordeal. But Camilla Carr and Jon James must be praying that the voices of suburbia will finally secure their release.

Kidnapping Westerners has exploded into a multi-million dollar business, says Phil Reeves in Moscow

Jon James and Camilla Carr are caught in the jaws of a ruthless underworld business that has deep historical roots in Chechnya, but exploded into a multi-million dollar racket in hartering humans after the end of the republic's war with Russia. Scores of people, including international aid workers and journalists, have this year been abducted by kidnappers whose motives may be tangled with the complex politics of the Caucasus, but hinge on the hope of netting a seven-figure sum. Although a few outsiders have made discreet visits to Chechnya in recent months, a wave of kidnappings has turned the former war zone into a destination that is considerably more dangerous for foreigners than it was when the bombs were raining down during the 21-month conflict which flattened the capital, Grozny. The plight of the British pair is not helped by the fact that in a number of cases – despite routine official denials – cash has been handed over by international and Russian organisations in return for releases. The standard price on a Western head is \$1m. Kidnappers of three members of the French charity EquiLibre, are believed to have received \$3m in return for their freedom. There is also little doubt that large sums have been paid to free abducted Russian journalists, who included a celebrated reporter, Yelena Maslyuk. Foreign Office policy is to refuse to pay ransoms, but a troublesome precedent has been set. If the ordeal of another captive is any guide, the Britons' conditions are likely to bear an unpleasant resemblance to the Beirut experiences of two men now supporting their publicity campaign back home, Terry Waite and John McCarthy. Christophe André, a French aid worker with Médecins Sans Frontières (MSF), was held in captivity for four months before he reportedly managed to escape from his cell in October and, after trekking through the countryside for several hours, hitched a ride back into Grozny. The conditions were grim. MSF later revealed he was almost always chained to a wall in a boarded-up room, being released for a mere 30 minutes a day to wash. His diet consisted of vegetable soup, and bread three times a day. Occasionally, he was given eggs, meat or rice but the food was so meagre that he lost three stone. He received no change of clothing; he was only ever able to wash his entire body a handful of times. Using tactics common in the Lebanon, he was moved four times during his captivity, presumably because his jailers wanted to avoid detection. In reality, tracing a captive in Chechnya is extremely difficult. The separatists' government is in chaos, and depends on volunteer former fighters to carry out hostage searches. It is a rural mountainous republic, dotted with villages whose large brick houses, plentiful food supplies, and clanish communities, make it an easy place to hide someone until the price is right.



that the couple were alive, the family decided it was time to make a move. And now, the FO, nervous of seeming laggardly – as they did over the McCarthy kidnap – smartly despatched their minister, Baroness Symons, to sit in the front row at the service. Further Christmas church events are planned, along with T-shirts, concerts and a record – "We're hoping that a really well-known group like

hard-selling style usually reserved for promoting cornflakes. "I believe in consistency and icons," he says. "We have one simple theme – support Camilla and Jon – and one great photo that is being used everywhere. These are the two sick-of-rock elements."

David Little has an equally candid take on the Carr family. "They range from complete free spirits to people with

Why, despite everything, I could never mind the Gap

Was it the party invitation that did the trick? Not really. No, it was the photograph of course. To you it may just be a baby. To Gap it may just be a customer. But to Rosie Millard it is a world superstar.

The woman in Gap Kids was quite clear. "There's a kid's party next Sunday in this branch," she said, wrapping up my daughter's white zip-up furry boots (size 0) and turquoise velvet top, also zip-up, (size 3-6 months). "But it will be a nightmare, so come early." She gives me a special invitation. A Gift For You. "Have your child's photo taken and placed in a card modeled (sic) after our ads," it reads.

"There'll be food, and face-painting. I won't be there, I'm leaving," continued the assistant with a manner implying she was more than a little weary of dealing with zip-up furry boots, size Midget. "I'm off to Jigsaw. I can't wait."

There's no doubt that if my daughter's life continues as it has begun, she will be very spoilt indeed. "But you can't really spoil a four-month-old," I claim, nervously laughing while hiding evidence of her latest toy/dress/battery-driven plastic mobile from the inspection of the nanny. And a photograph in the style of a Gap advert! It would be so perfect. "I mean, she has the clothes, so a matching photograph: it's only proper," I say to my husband as we pack a supply of emergency nappies and bottles for our weekend exodus to Gap Kids in Central London a fortnight before Christmas.

The shop, if anything, is more crowded than the pavement outside. Which is saying something since half the Western world appears to have

chosen this weekend to hit town. However, there ends the similarity. Everyone inside Gap Kids is totting a child. A woman of about 40 is prancing around in a fairy outfit. On a table are minute mince-pies and tiny biscuits shaped like holly leaves, presumably for children. Fathers are guiltily eating them.

I point to the lower ground floor: we need to go down to BabyGap, where instead of sweatpants for stubborn 10-year-olds, the rails are full of dear little velvet dresses for malleable tinies. Gap Kids deals with placating children who want to be in an adult world; BabyGap is an empire designed for adults who want their children to look like something out of Peter Pan. And this is where the photographs are being taken. "We don't take pictures of anyone over five, really," says the assistant. "They don't fit in the studio." And they're not half as sweet either.

We spend the obligatory £15 (of which 20 per cent goes to Barnados, I remind myself) on a dear little snowflake jumper. And a matching hat, and socks. Well, by the end it comes to quite a lot more than 15 quid, but then you are helping charity. I remind my husband. We are then given a ticket and wait in line by the studio, where a man called Russell is taking the photos.

The studio has that all-white background into which the children are placed and which all Gap adverts have to have for that classless, timeless, placeless look. Will our daughter, Phoebe, look like one of those sweet children one sees on the side of a bus, laughing easily in their Gap hats and cardigans? I hope so. I also secretly hope a Gap talent-spotter in the shop might see how pretty she is and select her for a global campaign. I immediately banish the idea and think



snooish thoughts about awful pushy parents like the mother of Brooke Shields.

A rather sweet girl of about three is posing in the White Studio. She is wearing Dame Edna-like pink plastic glasses with no lenses in. "Come along, Florence," says her mother testily. The flash fires, and that's it: the Gap Free Gap amounts to one Polaroid Instamatic snap which is then inserted into a "advert" card for you to take away. And let's not have any nonsense about boardings on the sides of buses. The card in question is rather small. But never mind.

Let's have a look at that Polaroid. I say to Florence's mother, I want to see how authentic this all is. The picture shows Florence heaving out of her pink plastic rims looking utterly sweet in that global village-esque manner that is so very Gap. "Of course, those glasses aren't necessary," says her mother, just

Phoebe in excelsis: she may not make an ad campaign but she makes a lovely Christmas card

in case I think her child suffers from some weird ocular condition necessitating lens-free glasses. "But she won't take them off. Loves them."

The session continues. There is Kylie, who screams all the time; Holly, who has to be placated with a special BabyGap hand puppet; Jason, who appears in a BabyGap leopard-print suit and baby Eva who is only eight weeks old, is propped up on a large pillow and clearly has no idea what on earth is going "EEEEval!" shouts her mother. Eva, by accident, waves a tiny paw. The camera fires. Another child transmogrified into the clean world of the Gap advert.

Christmas music is piped all around us. Gap employees stand brushing hair and wiping faces of children lined up for their photographs. I wake Phoebe up and we solemnly put her into her new snowflake jumper and matching hat. She is carried into the white studio and propped up on the white pillow. I call her name. She sucks her fist and looks vaguely at Russell.

Afterwards, I look at the picture of my child; and I can't help it. I wish the result could be used in a worldwide bus campaign. I really do. I know all about pushy parents, but she just looks so perfect. Just like an official advert for BabyGap clothes worn by over-privileged children. "Maybe we could turn the picture into our Christmas card," I say hopefully when we get home.

THE INDEPENDENT

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18/LEADER & LETTERS

Look behind you, Mr Blair, your supporters are watching and wondering



EDITOR: ANDREW MARR.
DEPUTY EDITOR: COLIN HUGHES.
ADDRESS: 1 CANADA SQUARE,
CANARY WHARF,
LONDON E14 5DL
TELEPHONE: 0171 293 2000
OR 0171 293 2000
FAX: 0171 293 2435
OR 0171 293 2435

This week, the Labour Government changed. The private grief, arguments and soul-searching among ministers and loyalist MPs were more important in that change than the resignations and public rebellion. They add up to a party in power that has hardened its face and lost its youthful, bouncy optimism.

The change, New Labour's unpleasant, painful rite of passage, was deliberately inflicted by the Prime Minister. There are a hundred ways in which Tony Blair, Gordon Brown and Harriet Harman could have avoided cutting the future income of some of the poorest families in the country. They know that politics, and not simply socialism, is the language of priorities. We now know that paying single mothers not to work, but to stay at home with their children, is not a New Labour priority.

Mr Blair argues that it is far, far better to push people into jobs. We agree. He points out that his party had been elected on the basis of sticking to Tory spending limits for a couple of years. Again, quite

right: to breach those would have been to break faith with voters. This is particularly important at a time when many middle-class people who cautiously voted New Labour for the first time are lolling up the various perk-removals and indirect new imposts agreed by Mr Blair, and asking themselves how they differ from old-fashioned tax increases.

But it does not then follow that these cuts at this time were the only option. Far from it: they were chosen. And if they hurt, they were meant to hurt, for two reasons. The first is ideology. Despite the refusal by ministers to respond directly to questions about whether they intend to drive people into work, the developing ideology of New Labour, like that of the New Democrats in the United States, is clear on the underlying issues. The party leadership believes that unchecked welfare and a dependency culture pose a moral threat to the nation. This is rarely stated openly – except by Frank Field. And it isn't the case that the Prime Minister is identical to any

New Rightist on the matter: Mr Blair will do more to find jobs for people than his predecessors did. He is energetically convincing on the subject. But in his belief in the moral danger of dependency, he is a true heir of Margaret Thatcher. He wants people to work, above all. Work is the bedrock of New Labour thinking, even when it takes a few whips and scorpions to drive welfare-recipients towards it. Mr Blair is not a Tory. But he is not a liberal, either.

The second reason behind the cut is political strategy. The New Labour leadership sees no threat whatever from the left. Why? Because the kind of people who are conscience-stricken about last night's decision have nowhere else to go. A handful of individual MPs can resign, and rather more than a handful can rebel. But in the end, for them and their supporters in the country, there is no credible alternative force. The Liberal Democrats are the obvious challengers, but they are too geographically concentrated, and too close to

Labour on other issues. The Conservatives are flopping about, dazed by Blairism, unsure which way to jump.

While all of that remains true, Blair's political priority is surely to dig ever deeper into traditional Tory territory, appropriating the rhetoric of pro-family, anti-welfare politics, reassuring the hard-workers at the expense of the shirkers. His base can be almost infinitely expanded – can't it?

We would say, watch it. The laws of political physics mean that, if the country was served a consistent diet of liberal centrism, opposition would harden and grow. It would come not from some new force, but from the Liberal Democrats and from inside the Labour family itself. Look at what they feel already about cuts for the disabled. Labour is keen, loyal, and still power-hungry. But it is not infinitely flexible.

So look at the faces behind you, Mr Blair, and ponder their expressions: not this week's rebels, but the ones who didn't rebel, who are swallowing hard and are sick at

heart. They are your people. They are not aliens or lunatics, but decent, mainstream politicians upon whose loyalty and good sense you will depend. This affair has touched their idea of themselves and their purpose in power. Much more of what happened last week will produce the conditions for a debilitating internal challenge. Imagine it: a cluster of politicians who pronounce themselves not New or Old Labour, but Free Labour, or some such tag.

Given our current electoral system, and the strong central discipline now exercised by Labour, we do not think "Free Labour" would thrive at the polls, or at party conference. Nor would the rebels pose the kind of day-to-day threat to the Government that John Major experienced from his Euro-rebels. But the emergence of a consistent and semi-organised opposition to Blair would be debilitating. It would wear down the party, produce a ready source of broadcast criticism, blur the Government's messages and erode its self-assurance. You don't need that, Mr Blair.

Post letters to Letters to the Editor
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Letters may be edited for length and clarity.

LETTERS

Blair's 'betrayal'

Sir: God bless your "long-standing Labour backbencher" for his tears ("New Labour is heart-broken", 11 December) but God damn him for not obeying his conscience. God bless the Scottish Office minister as he retreats to the backbenches for his courageous rebellion over benefits for lone parents.

After years of waiting for the Conservatives to go away, we now have a Labour government but we still have a Tory Prime Minister. Those of us who felt so deeply for Neil Kinnock on the night of his defeat in 1992 and loved him for his speech about sorrow for the poor and underprivileged, will hate Blair for – I can find no other words – his treachery.

He has betrayed all of us who believe that government's first responsibility is to those who cannot make their way unaided in a modern world which increasingly makes demands which many cannot meet. This is what we voted for.

I am 73. In 1940, I put aside my Rupert Brooke poems and went to sea in the Merchant Navy murmuring, "Now, God be thanked Who has matched us with this His hour". We fought a just war, and won.

The latest "just war" also seemed to have been won. Now, dreams that I might be allowed to see, for my grandchildren, the dawn of a new age of reason and moral sensibility have been dashed.

DAVID SIMPSON
Barry, South Glamorgan

Sir: The assumption made by the Government seems to be that to motivate single parents to go back to work, you have to make it impossible for them to live unless they do so, and take away their choice of what is best for their young children.

If we believe in supporting and empowering people, we should continue benefit. If the offers of work are good enough and the child care is suitable, many women will take up the offer. That would give single parents the same sort of choices as the better off. Otherwise, they remain "socially excluded".

VALERIE FAWCETT
Abingdon, Oxfordshire

Sir: There is no plan to force lone parents to work, let alone to work a nine-to-six day. Most women with young children prefer to work part-time, and



for the low-paid this is recognised in the Family Credit scheme.

When the Beveridge scheme came in after the war, we all cheered because lone parents were able to stay at home on income support (then called national assistance) just like most other mothers then did. But most mothers, it has turned out, did not – and do not – want to stay at home all day; they fought for the opportunity to work while they had children.

That battle is over. It is now the mothers who are trapped on income support who need to be helped to escape from what can become a lifetime of "social exclusion" through impoverishment.

PHYLLIS WILLMOTT
London N6

Sir: Poverty is one of the contributing factors to childhood behavioural disorders and their progression to later delinquency. One of New Labour's key policy areas is to be "tough

on the causes of crime". John Pearce, Professor of Child Psychiatry at Nottingham University, argued at his inaugural address that if the previous government had been serious in its wish to do something about such childhood problems it would start by doubling child benefits. From my experience working in the NHS child psychiatry services I would agree.

Every £1 spent on helping childhood behavioural problems has been estimated to save £75 to £100 in later costs to society.

ALEXANDER BSETON-BROWNE
Consultant Child Psychiatrist
Caerleon, Gwent

Sir: We welcome the Government's commitment to reduce poverty and tackle social and economic exclusion. Regrettably, we note the new Social Exclusion Unit does not include a permanent member who has direct experience of poverty.

Those living in poverty are

the true experts on social exclusion. They face barriers to employment, decent wages, basic health care and suitable housing. It is they who will be most affected by the recommendations of this task force.

We believe there must be a broader consultation between the socially excluded and decision-makers. Substantive dialogue, and a commitment by the Government to a national poverty eradication plan, will be more likely to yield solutions to the problems of poverty and exclusion.

EVAN METZ
Co-ordinator
UK Coalition Against Poverty
London SE5

ROH budgets

Sir: The allegation that the board of the Royal Opera House never received financial information which enabled it to assess its trading position or take action on it is totally untrue (Andreas Whittam Smith,

9 December). It is also false that financial forecasts were "left on the shelf while planning proceeded willy-nilly without reference to them".

During my chairmanship (and that of my predecessor) the board received monthly financial statements which showed up-to-date projections of the profit and loss account, with movements indicated month by month and for the full year. Adverse changes against budget were accompanied by management recommendations for action to correct or reverse such trends. These included wage restraint, cuts in overheads and, during 1996, redundancies. Production schedules were examined and if necessary adjusted; box office results and cash flow were also reviewed. All these matters received the board's close attention.

Whatever our faults of omission or commission, the serious charge that we had no proper financial information to guide us is not only a false reflection

on the board, but a slur on the able and hard-working staff who provided it.

Sir ANGUS STIRLING
London W11
The writer was chairman of the Royal Opera House, 1991-96

Doctors' morality

Sir: Phil Hammond throws up his hands in horror at the fact that medical students and doctors are susceptible to lustful thoughts and immoral actions ("Sore throat? Kindly remove your house and bra", 9 December). Let us not imagine that he has discovered something new. Down the years patients have often found themselves in a vulnerable position, and, sadly, members of the medical profession have sometimes taken advantage.

To its shame, the British Medical Association earlier this year gave its blessing to a revised version of the Hippocratic Oath, from which the

promise to abstain from the seduction of patients has been removed. But human nature has not changed. This stricture is as necessary as ever it was.

HUGH J THOMSON
Consultant Surgeon
Birmingham

Sir: I am told by medical acquaintances that contrary to Dr Phil Hammond's point of view, the problem in Britain is that women's breasts are very rarely examined by doctors of either sex, and that as a result our breast cancer fatality rate is among the highest in the developed world.

I am sure that my friends and relatives who have endured breast cancer and its treatment would have opted for frequent examinations by horny young doctors for the chance of earlier detection of their illness, particularly the one who is now walking around with one breast and no hair.

BRENDA BEARY
London NW3

Kyoto: just a start

Sir: We need a 60 per cent cut in carbon-dioxide emissions just to stop the levels in the atmosphere rising. If a fug builds up in the pub on Saturday night we can open a window to let it out, but with CO₂ we have to rely on reduced discharges and the long-term uptake of the gas by plants and the oceans to restore the natural balance.

The compromise target for emission cuts agreed at Kyoto represents a regrettably sluggish start to the long haul back to sanity.

TONY ROBSON
Cheltenham, Gloucestershire

Sir: Gavin Green (Motoring, 6 December) says people would be "amazed how clean a modern car's exhaust is". Many catalyst-equipped car drivers believe their fumes to be innocuous, but catalytic converters can never clean up all the by-products of internal combustion, principally the unburnt fuel and nitrogen oxides which interact to form ozone and smog.

Catalysts increase fuel consumption and do nothing positive at all on many typical short journeys. Drivers should recognise that the only effective way they can contribute to improving urban air quality is to leave the car at home.

IAN GARMAN
Cardiff

Brief encounters

Sir: One of your "Dilemmas" respondents (11 December) states that he is in his late twenties and is in a stable relationship with a man 10 years his senior who has had two lengthy marriages. If this man is in his late thirties and first got married at 18, this makes 10 years a lengthy marriage. What is a short marriage these days?

MARTIN RUSSELL
Newcastle upon Tyne

Unfair test

Sir: Hanging a kilogram weight on the end of an erect penis to ascertain the "virility" of the subject is patently inaccurate (Column One, 5 December). The force exerted depends on the weight multiplied by distance, so that the man blessed with 20cm has to bear twice the load of his less fortunate counterpart with only 10cm.

J E SEVEN
Halesowen, West Midlands

Statistically speaking, what is the probability that you will read this column?



MILES KINGTON

A lot of nonsense has been talked about this ban on beef business. Most of it has come from the Government, of course, but a lot has also come from commentators trying to tell us just how unlikely it is that we can get CJD from beef. There is more chance, they tell us, of choking to death on food, or being run over by a member of the Royal Family...

This careless throwing around of statistics is quite irresponsible, as we do not have any generally accepted standard of comparison. Oh, yes, we know vaguely that more people were killed on the roads of Britain during the Falklands War than were killed in the War and we know that it's safer to fly than to drive (come to think of it, we know that anything is safer than driving, so it's a miracle that the new Labour government hasn't banned cars yet) but we don't know what the exact figures are for anything.

We don't know whether there is more

chance of England winning the World Cup or the Pope being Jewish.

So today I am printing a league table of probability.

Cut it out.

Pin it on the wall.

And next time you say, "Look, there's less chance of that happening than there is of...," just glance at it and carry on.

Here we go then.

There is a 1 in 2 chance that every government will appoint a man who insists on using the title Dr, as in Dr Brian Mawhinney or Dr Jack Cunningham, even though they are clearly not proper doctors and nobody has the faintest idea what kind of doctors they are.

There is a 1 in 3 chance that, the way the Labour government is progressing, we will have petrol rationing by next year, and the return of the black market in such vital commodities as beef, etc.

There is a 1 in 4 chance that you will

be involved in a traffic accident before you die.

There is a 1 in 5 chance that it will rain in Britain today.

There is a 1 in 10 chance that the weather forecast will tell us where.

There is a 1 in 15 chance that you will be so affected by the sight of a traffic accident that your driving improves markedly, for a while.

There is a 1 in 20 chance that your train will arrive late.

There is a 1 in 100 chance that you will be glad it arrived late, as you had nothing in particular to do for a while.

There is a 1 in 200 chance that your train will arrive early.

There is a 1 in 400 chance that you will be so affected by seeing a bad traffic accident that you start driving much more slowly, and that this causes a bad traffic accident.

There is a 1 in 500 chance that you will

actually hear real people singing carols in the street at Christmas time.

There is a 1 in 1,000 chance that all the Christmas cards you send will arrive at their destination before Christmas.

There is a 1 in 1,500 chance that you will be able to identify the senders of all the Christmas cards you get.

There is a 1 in 5,000 chance that you will get what you want for Christmas.

There is a 1 in 10,000 chance that you will get any of the ailments which everyone from Edwina Currie onwards has predicted for you.

There is a 1 in 50,000 chance that someone will give you an Edwina Currie novel for Christmas.

There is a 1 in 500,000 chance that you will be run over in a traffic accident by a car driven by Lord Lucan.

There is a 1 in 1,000,000 chance that you will be run over by a car driven by Ronnie Biggs back on an incognito trip to Britain.

There is a 1 in 4 million chance that you will be so affected by listeria that you dizzily walk out into the road and are run over by a van taking remaindered Edwina Currie novels back to the wholesalers, driven by Ronnie Biggs.

There is a 1 in 10 million chance that someone somewhere will suddenly exclaim: "Thank you, thank you, Jack Cunningham! If it hadn't been for your wise and swift actions, I'd probably be dead by now!"

There is a 1 in 50 million chance that you will catch a disease from the cover of an Edwina Currie novel which causes you to swerve while driving near Holyhead, thus causing a crash in which a large lorry overturns and sheds its load of frozen Irish beefburgers on a car coming the other way, crushing the passenger who is so-called Doctor Jack Cunningham who was on his way to Holyhead on a fact-finding mission.

19/COMMENT

Tony, Gordon: you should have been there to see it



DONALD
MACINTYRE
LABOUR'S LOST
INNOCENCE

Amazingly, the House of Commons still matters. This exasperating, clubby, antediluvian, judiciously nocturnal institution, is not, as it had appeared to be since 1 May, running on empty. Which comes as a surprise to all of us – including, perhaps, the Cabinet.

From Tony Blair and Gordon Brown down, the entire Cabinet showed a sort of magnificent disdain for Wednesday night's debate on lone parents by staying away from it. Instead they ungallantly left the task of lending moral support to the embattled Harriet Harman to a neatly assembled collection of wannabes just below Cabinet rank: Steven Byers, Alan Milburn, Peter Mandelson, Tessa Jowell. Perhaps the tradition of a Prime Minister or a Chancellor of the Exchequer demonstrating their support for a minister arguing for an unpopular policy in which they have had a direct hand is an obsolete and theatrical convention. More probably it isn't. As a result of defying it, the Government's big beasts missed something real and palpable which was happening in the Commons Chamber.

Partly, yes, what they missed was the first painful confrontation of the parliamentary Labour Party with the economic and social realities of the programme which made them MPs in such large numbers on 1 May. In this sense the loss of virginity was not so much the Government's as the party's. Blair himself has never doubted for a moment the necessary pain that welfare reform would inflict. But for many in the party, including some of the newest of New Labour MPs, it came as a deep shock to be the ones so obviously inflicting it. This was, in other words, a confrontation between a ruthlessly modernising Government and those who do not get it. That is not, however, quite the whole story. One way of looking at the events of Wednesday night is to say that the party was always going to show its cracks and that it might as well be now. The organised Campaign Group left were bound to rebel at some point. The very fact that they did so on Wednesday night can be regarded as little more than a testimony to Blair's seriousness of purpose. Some who voted against the Government on Wednesday night, were, in every sense, old Labour MPs. The majority were men and women who still wish the Labour Party was its unselectable 1980s self.

They may be even more dispensable than they look. First there is the size of Blair's impregnable majority, which could absorb any imaginable revolt. Second, the threat of removal of the whip, even if not carried out this time, is a potent one, since it carries desecration in its wake. And third, who knows? If electoral reform happens they may be driven off into a separate socialist party anyway.

But this group was by no means the only problem on Wednesday night. Quite a few of those who abstained, and a much larger group who voted for the Government with self-confessedly heavy hearts, included many who regard themselves as loyal Blairites. They arrived at their decision for quite different reasons. More than 100 Labour MPs signed the letter to Gordon Brown urging a delay in the lone parents benefit cuts, including five other select committee chairmen beside Chris Mullin, its main author. Mullin himself may have a background on the Labour left, but he enthusiastically endorsed Blair's candidacy for the leadership, strongly backs the welfare to work strategy, is hawkish on law and order, and has long since ceased to fight yesterday's battles. Those MPs, and the numerous agonising ministers who could be found on Wednesday night wishing they were elsewhere, shared a deep unease which is not conveniently dismissible as old Labour, and which concerned the specifics of the lone parents benefit cut rather than the broad strategy of luring people off benefit and into work.

First, of course (unlike university tuition fees) this was a welfare reform whose impact was almost wholly on the poor. But there were also genuine doubts about the intellectual coherence of the measure. One was that the benefit cut might act as a positive disincentive to some existing lone parents to seek work (though not, and this was always important to Blair, to new ones), since anyone taking a short (term or seasonal) job would, once it was over, go onto a reduced level of benefit as a technically new claimant.

The objections do not mean that it would have been remotely sensible to retreat at the last minute to quell the revolt. To do so would have exploded any claim the Government had to fiscal credibility. It might, however, have been possible to do so several weeks ago, before the issue came to a head. The other problem, however, was a confusion in the Government's message about what the cuts were for. On at least two occasions Ann Taylor and Harriet Harman almost apologetically said the Government did not want to make the cuts but had no other choice because of Kenneth Clarke's tight budget limits. It was only last weekend that Blair's true message started to come through: this was an integral part of the larger Blair/Brown plan for reducing benefit dependency and getting lone mothers into work.

What are the lessons? Several on the old left are already busily drawing precisely the wrong ones. The relative leniency with which the rebels are being treated may be a partial acknowledgement of the messiness of the Government's handling of the whole affair. But it does not mean that Blair has any intention of being deterred from reducing the bloated welfare budget. Everything will be scrutinised, from disability benefit for people who don't need it, to the barriers that independent taxation of women may be putting in the way of redistributive measures like the taxation of child benefit.

There is no doubt that Blair used up on Wednesday night some of his ample store of political capital. It can be replenished pretty fast. But welfare reform won't be achieved by stealth. He needs to speak more loudly and more often about what he is trying to do; to become more of, in Tony Benn's memorable phrase about Margaret Thatcher, a teacher-politician. Oh – and next time Harriet Harman has a hard choice to force through Parliament, Messrs Blair and Brown should consider sitting on the bench beside her.



The band your parents won't understand: Prodigy's Keith Flint (right) with Maxim, in concert this week Photograph: News Team

I'm not shocked by smacking up, just bored by boorish misogyny



SUZANNE
MOORE
ON THE
PRODIGY

The Prodigy are very naughty boys indeed. They have succeeded in not only getting their latest video banned – though you can see it on MTV – but have even got Diane Abbott and her colleagues to table an early day motion in the Commons seeking to ban the posters for their single "Smack My Bitch Up".

"Smack My Bitch Up" has been around for nearly six months, because it is on their phenomenally successful *Fat of the Land* album. By releasing it as a single, another mini-controversy has been ignited. Do these words incite violence against women? Are they even meant to? Well, according to the group, they are not even about women, but refer to an intense experience. This, even in the irony-laden Nineties, is somewhat disingenuous. If the lyrics are meaningless, then they might as well have been "saw your head off". No one seems to quite

know what to do about all this. Anyone who says they don't actually want to see posters saying *Smack My Bitch Up* is an uptight moralist who fails to get the hippest jokes – or even, someone who takes this latest Prodigy wind-up seriously.

I have to say I don't particularly want to see these posters, and I wish that the group could have found other ways to shock that were not so inherently lazy. The confusion over how to react to all this shows that in the whole we would rather accept a certain level of misogyny than be labelled old-fashioned.

The Prodigy manage, then, to have it both ways. They can be outrageous, while at the same time denying that what they are up to actually means anything. They pull the same trick off in their video, which is shot from the point of view of someone on a night out. It is packed with images of drugs, drink, vomit and big breasted strippers. Full of the self-loathing and excesses of the night out in Gary Oldman's film *Night on Earth*, we end up realising that what seems like a grove male fantasy has actually been experienced by a woman.

Makes you think doesn't it? Not really, because the whole point is to make you feel, to make you identify with this long tawdry for instant gratification. As Suzie Orbach commented after seeing the video, on Will Self's chat show *Something of the Night*, it is all about sensation. She found that disturbing sensation is what the music of The Prodigy is all about. That

is why they are a far more interesting and musically significant band than Oasis.

As Oasis have degenerated into Dadrock they look more and more daft. Their "come and have a go if you think you are hard enough" stance has been totally blown since they stormed off stage because a plastic bottle was thrown at the knee of the guitarist. This is hardly the stuff of rock 'n' roll legend. The Prodigy meanwhile will do nicely as a band your parents won't understand. The music critics rave over their amphetamine intensity, while at the same time celebrating their glorious pantomime of twisted masculinity. Never mind the lyrics, just feel the beat in which "the dodgy politics [are] flambeed to a crisp". Anyway they are really cuddly chaps, not violent wife beaters.

The ultra-sophisticated have always been able to excuse the misogyny of many music lyrics. From the "hos" and "bitches" of gansta rap to the vile clichés of much rock, what we are hearing, we are told, is a pose, a parody of masculinity, a warped fantasy of power from men whose own sense of themselves is in crisis. To which one can only reply, it's not funny, it's not clever and it's not even particularly new.

There is also, of course, downright prejudice against certain types of music. While it was "classic rock" when Hendrix used to sing about shooting his "old lady", contemporary rappers, we feel, are something far more sinister. To reduce all this to a question of

censorship – should this song be banned? – not only misses the point, but increases interest and sales.

Nor do I think it is possible for a mere poster to incite violence. What we have to ask ourselves is a far more complicated question. What level of misogyny is acceptable in the public domain? For while most of us won't care what The Prodigy do at their concerts, we do not want to be confronted with a "Smack My Bitch Up" poster at the bus stop.

The laddification of popular culture which has prevailed for the past five years means that many of our children have grown up in an environment in which it is perfectly normal to see pictures of naked women everywhere, to hear lewd comments about them, to laugh at the more tedious escapades of Chris Evans and generally see men behaving badly.

Laddishness was always more than just a reaction against political correctness, which was always misunderstood, but a flight into a regressive and infantile version of sexual difference at precisely the time when these roles were being challenged.

The elevation of hedonism, the beer and birds, and football and raves, that much laddishness invoked, obscured the reality that in fact an innately reactionary lifestyle was being

propagated. It is not surprising, then, that The Prodigy, who brilliantly provide a soundtrack for such hedonism, declare themselves anarchists, but end up resorting to tired-out shock tactics in order to shake things up. There is nothing about flirting with notions of violence against women. Just listen to some blues to hear how it's done in all its gory details.

In many ways the reign of the lad appears to be coming to its own inevitable dead-end. There is no way of moving on; the boorishness has become just boring. Even confused young men realise that they are more complex creatures than such a culture allows.

While Keith and Maxim, Leroy and Liam strut their stuff chanting "smack my bitch up" until the phrase is just a jumble of syllables devoid of meaning, they may well feel the rush of freedom that the best music creates. But they still have to come down, go home and live in a world where women will not accept being called bitches, or being smacked up, or being told that these boys don't really mean what they say.

If The Prodigy really wanted to shock us they could try saying what they really mean. But that, of course, would be a risk too far.

Getting warmer, but still a long way from our goal



NICHOLAS
SCHOON
THE KYOTO
CLIMATE TALKS

One of the greatest journalistic satisfactions is to find out you are right after making predictions in print, even when they are other people's predictions. But I have never known if I have been right in writing dozens and dozens of articles over the past nine years on the threat of global warming. Worse still, there is a chance I will not know for another dozen years, perhaps more. That is an uncomfortable feeling.

True, the climate seems to have started changing already due to humanity's intervention in the atmosphere. But we cannot be sure. Furthermore, the credible forecasters in this business (the climate scientists, as opposed to the greens or

their opponents) tell us that we probably won't have significant, harmful change until a couple of decades or more into the next century – and that it will keep on changing after that.

But current science still allows the possibility that the changes will be minor and even benign on the whole. My nightmare is that 10 years from now no one talks or cares or negotiates about global warming. That it will be seen as a silly millennial fad, blotted out by genuine global environmental crises such as water shortages. Twenty-first century hindsight may find us having had our eyes on the wrong ball.

There was a bitterly cold snap soon after *The Independent* was launched in October 1986. That prompted my first story on climate change, speculating on the possibility of a new Ice Age. I had not even heard of man-made global warming, although a few hundred scientists and environmentalists scattered thinly around the world were already taking an interest. The idea of a new Ice Age was still in vogue at the time, for, in the normal, natural course of events one could come along sometime in the next few thousand years.

Soon afterwards I learnt how the emissions from burning coal, gas, oil and forests

could trap heat in the atmosphere, and so began writing the odd global warming story. Then, at the end of 1989, Margaret Thatcher made a speech on climate change which put the issue on the political map. In the US, they had a freakishly hot summer and a rising young senator called Al Gore took an interest. By the end of 1990 the handwagon was really rolling, and it was during that year that governments decided they should negotiate a climate change treaty through the United Nations.

They had one agreed in time for the Rio Earth Summit in 1992, but it was a mouse of a treaty. The Framework Convention on Climate Change gave a legal definition to the problem and asked developed countries to volunteer to stabilise their rising annual emissions at the 1990 level by 2000. The majority failed to hit this target; those that succeeded did so only by accident of economic decline or of policy changes unrelated to global warming.

Clearly another treaty was needed – one which really did stop greenhouse gas emissions rising with each passing year, accelerating the rate of climate change. That was what could and should have been negotiated in Kyoto. But it was already pretty clear, months

before delegates from more than 150 countries arrived in Japan for 10 days of intense, against-the-clock negotiating, that this was not to be.

Meanwhile, the science of climate change has become stronger and deeper over the past seven years. The super-computer models of global climate have simulated changing temperatures and rainfall more and more convincingly. Globally, the 1990s have seen the warmest years since world-wide records began more than 100 years ago. And, though the uncertainties remain large, and will stay that way for years, an impressive scientific consensus has emerged. Climate change has begun or, to use the cautious, painstakingly negotiated words of the Science Working Group of the Intergovernmental Panel on Climate Change, "The balance of evidence suggests a discernible human influence on global climate."

I was at the meeting in Madrid two years ago when they came up with that phrase, and it honestly was a thrilling moment – although my excitement was admittedly intensified by being the only British journalist there.

To see opinion swing around through the 1990s has been fascinating, and often thrilling. This is a subject on

which presidents and prime ministers have been phoning each other in the middle of the night over the past few days. An issue that was once the concern of only a few hundred people now engages millions who think that, even in spite of the uncertainties, we need to reduce the risk of catastrophe and start slowing climate change now.

Along with leading politicians, every kind of expert and lobbyist and pundit now has an angle on climate change: economists, biologists, geographers, media commentators. It has been fun to watch the doubters of the right wing think-tanks and the fossil fuel lobby shift their ground. First they said the science was baloney. Then they said the warming was so uncertain it was too early to act. Then they said that it would probably work out cheaper to do nothing about cutting emissions, and adapt to a changing climate when it came.

Seeing the failure to take decisive action in Kyoto over the past week, however, has not been at all thrilling. The contrast between ministerial rhetoric and the hard bargaining behind closed doors is an unattractive spectacle. Years ago, in the fairly early days of global warming, I guessed that nothing which

really attacked the problem would be done until well into the next century. It was a gloomy bet, but a pretty safe one. When it comes to acting now to tackle an uncertain problem which lies years in the future, and when that action involves national interests and difficult changes, and when the problem is so global that most of the 160 very different nations have to agree on what to do, decisiveness is hard to come by.

Kyoto is not the end of the road. Within a few years another treaty or an annex will have been negotiated, and probably condemned for not doing enough. I just hope I make it *compos mentis* into my seventies, around 2030, enough time to find out for sure whether our predictions were far-sighted, or misconceived.

If we prove to be right, let's hope a few of the doubters are still alive so we can tell them this. To the executives of Exxon (Esso as they are known in Britain) and those of Mobil Oil, to the Australian Government, the Global Climate Coalition, the Republicans in the US Senate, the Institute of Economic Affairs in Britain, and to all you others who did your best to stop a decent, effective treaty being negotiated in Kyoto: you self-interested, reckless fools.

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World markets spooked by fresh S Korean crisis

The economic crisis in South Korea deepened yesterday, after leading credit agencies slashed their ratings for South Korea debt. Stephen Vines in the Far East and Diane Coyle in London report on how growing concerns about South Korea's financial stability prompted a mass sell-off throughout the world's stock markets.

The FTSE tumbled by 94.8 points yesterday to close at 5035.9 after a day's heavy share trading. At one stage in the day, the FTSE was 131 points down. The share fall, which was mirrored in stock markets worldwide, was prompted by the worsening crisis in South Korea.

Overnight, the won, the Korean currency fell by its maximum daily limit of 10 per cent to a record low against the dollar in just a few minutes. And concerns that the Korean authorities are failing to tackle the crisis were underlined yesterday by news that two leading credit agencies, Moody's and Standard & Poor's (S&P), had sharply downgraded the country's credit ratings.

The latest wave of stock market selling was prompted by fears that the International Monetary Fund's \$57bn (£35bn) rescue package will be insufficient to meet the country's short-term debt obligations. Korea's short-term overseas debts are now estimated at \$100bn. Although some of this reflects lending between branches of Korean banks and companies, some \$40bn is thought to need

refinancing before the end of this year. Standard & Poor's has put Korea on a BBB-minus rating, one rank above junk bond status. Spokesman John Chambers said it had placed the country on a negative credit watch, and would decide within the next few weeks whether to announce a further ratings downgrade.

Standard & Poor's followed an overnight decision by rival agency Moody's Investors Service, which lowered its rating on South Korea's foreign debt and also downgraded the ratings of 31 Korean companies.

Officials acknowledge that the IMF's package will only succeed if South Korea undertakes financial and economic reforms. To this end, a special session of congress is due to agree later this month to give the central bank more independence, improve financial supervision, and legislate for commercial companies to produce properly audited consolidated accounts.

But commentators believe that Korea needs to do much more to tackle its long term problems. Much of Korea's foreign debt is owed by the big industrial conglomerates, whose average debt to equity ratio is above 300 per cent. As a result, a sharp economic slowdown, expected by many experts next year, will push many companies into bankruptcy. According to investment bank JP Morgan, 15,000 companies have already filed for bankruptcy in 1997.

Even though this was the first day in which foreign buyers were permitted to purchase up to 50 per cent of listed companies shares, overseas buyers were keeping well away. One broker described the decision to open the market further to foreigners,

a few days ahead of schedule, as "another Korean joke".

Whilst his country's economic crisis was deepening by the minute, President Kim Young-sam addressed the nation on television. Looking sombre, he said: "I cannot find the right words to apologise". This is his first attempt to take the blame for Korea's financial chaos. He also apologised for the national humiliation of having to accept the IMF's rescue package.

The crisis of confidence in the Korean economy was not helped by uncertainties surrounding next Thursday's presidential election. The leading opposition candidate Kim Dae-jung has promised that he will renegotiate the deal with the IMF if he wins. Mr Kim is a veteran campaigner who could pull off victory in the volatile atmosphere now prevailing in Korea.

Even if he does not win, a high vote for Mr Kim will put pressure on the new executive to adopt a more aggressive stance in Korea's already fraught dealings with the IMF.

The news from Korea was sufficient to trigger an outbreak of jitters across the region. Malaysia, where the stock market dived by some 7 per cent, was worst-affected, as the government warned of bank closures. In Hong Kong blue chip share prices slid back by almost 5.5 per cent as interest rates started to rise again and there was renewed talk of pressure on the Hong Kong dollar.

Ironically the stock market most affected by the Korea crisis, the Japanese market, responded the least negatively. The key Nikkei 225 index shed just 2.5 per cent of its value, and this was mainly related to Japanese domestic considerations.

Outlook, page 21



A South Korean man is dwarfed by a huge billboard hanging from the Korea Exchange Bank building advising customers to help the nation's economy by opening foreign currency accounts in Seoul.

South Korea's battered banking system got more bad news yesterday after Moody's Investors Service downgraded the country's foreign currency ceilings for bonds, notes and deposits.

Photograph: Paul Barker/Reuters

PowerGen eyes £3.5bn strike for Cinergy of the US

PowerGen is contemplating a £3.5bn strike for the American electricity utility Cinergy in a deal which would give it a 50 per cent stake in Midlands Electricity, the UK regional power company. Michael Harrison reports.

Ed Wallis, PowerGen's chairman, is understood to be ready to make his move as soon as the Government gives the power generators the green light to expand into electricity distribution and supply.

The Department of Trade and Industry is expected to indicate whether it will sanction further vertical integration in the sector when it gives its ruling on PacificCorp's £3.7bn bid for Energy group, owner of Eastern Electricity, early in the New Year.

PowerGen is understood to have examined buying out one of the 50 per cent stakes held in Midlands by Cinergy and GPU, who joined together as Avon Energy Partners to acquire Midlands for £1.73bn in May last year.

The US takeover followed the previous government's decision to block a bid for Midlands by PowerGen and National Power's agreed takeover of Southern Electric.

Now, PowerGen is believed to have concluded that its strategy would be best served by acquiring one of the two US parent companies. This would give it exposure to both the American power market and the UK electricity supply industry as the domestic market is opened to full competition from next April.

PowerGen has examined the takeover of several US utilities

but there are complications with a number of them since they own nuclear generating capacity which it is not interested in.

Cinergy, however, is a pure fossil-fuel generator. It owns an operates 11,000 megawatts of coal and gas fired generating plant in the mid-West. Headquartered in Cincinnati, it serves 1.3 million electricity customers and 434,000 gas consumers in Ohio, Indiana and Kentucky and has a market capitalisation of \$5.4bn. It has 8,000 employees and made a net income of \$340m on revenues of \$3.2bn last year.

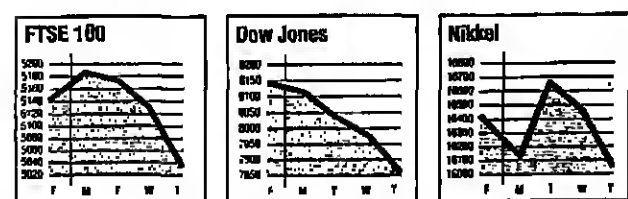
Cinergy is one of seven or eight US utilities examined by PowerGen and although a final decision has not yet been taken, it is thought to be the group's favoured takeover target.

Mr Wallis refused to comment on PowerGen's intentions but it is well known that he would like to acquire an interest in a UK regional electricity company.

PowerGen executives vehemently deny suggestions, however, that it has offered the Government a deal to stop coal closures in return for the green light to own a Rec. The Prime Minister Tony Blair announced on Tuesday that the three main generators had agreed a deal with RJB Mining to avert the threat of pit closures and redundancies for the next six months.

The deal has yet to be thrashed out in detail but is likely to involve the three generators taking an extra 7-8 million tonnes of coal on top of contracts so far signed, either to burn or stockpile. So far National Power and Eastern have agreed to take 12 million tonnes from RJB next financial year while PowerGen has contracted to buy 4.5 million tonnes from other UK coal producers,

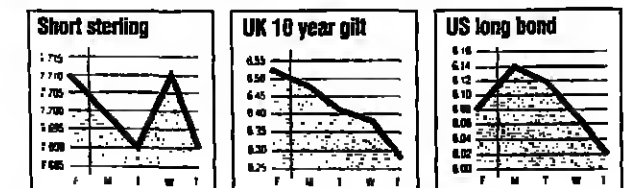
STOCK MARKETS



*Dow Jones index and graph as 3pm

Indices	Close	Change	Change(%)	52 wk high	52 wk low	Yield(%)
FTSE 100	5035.90	-94.80	-1.85	5357.90	3823.90	3.45
FTSE 250	4753.90	-15.50	-0.33	4953.90	4347.90	3.45
FTSE 100	2427.50	-30.40	-1.25	2670.50	1958.10	3.45
FTSE All Share	2371.50	-35.50	-1.48	2507.00	1946.17	3.48
FTSE Smallcap	2258.00	-6.30	-0.27	2407.40	2127.50	3.46
FTSE Realind	1249.90	-2.40	-0.19	1346.50	1203.20	3.42
FTSE AIM	973.70	3.00	0.31	1138.00	965.90	1.10
Dow Jones	7852.22	-125.06	-1.60	8299.03	6236.05	1.74
Nikkei	16050.15	-427.97	-2.60	20910.79	14966.13	0.96
Hong Kong	10420.22	-602.19	-5.45	11820.31	9775.06	4.07
Dax	4030.16	-57.11	-1.42	4458.89	2797.54	1.98

INTEREST RATES

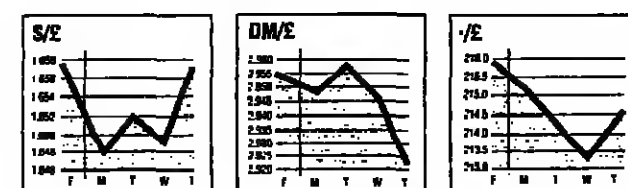


Money Market Rates	3 month	1 yr	1 yr	1 yr	1 yr	1 yr
UK	7.73	1.34	7.61	0.91	8.29	-1.31
US	5.94	0.41	5.06	0.31	5.81	-2.58
Japan	0.76	0.25	0.72	0.13	1.92	-0.72
Germany	3.76	0.52	4.06	0.79	5.32	-0.54

MAIN PRICE CHANGES

Rises	Price (p)	Qty (p)	% Chg	Falls	Price (p)	Qty (p)	% Chg
Racal Electronic	224.50	14.00	6.35	HSBC Holdings	1450.00	96.00	-6.21
Smith (David S)	206.00	9.50	4.83	RJB Mining PLC	170.00	-10.00	-5.56
Daily Mail TST A	1875.00	67.50	3.73	Railtrack GIP	943.00	-55.00	-5.52
Gallagher Group	345.50	10.50	5.13	HSBC Holdings	1536.00	-94.00	-5.16

CURRENCIES



Pound	at 3pm	Change	% Chg	Dollar	at 3pm	Change	% Chg
Dollar	1.6573	+0.072c	1.6565	Sterling	0.6034	-0.26p	0.8037
D-Mark	2.9224	-2.13p	2.5421	D-Mark	1.7824	-2.08p	1.5371
Yen	214.57	+¥1.96	187.39	Yen	129.47	+¥0.82	113.40
£ Index	103.90	-9.20	92.90	£ Index	108.20	-0.50	97.80

OTHER INDICATORS

at 3pm	Change	% Chg	at 3pm	Change	% Chg	at 3pm	Change	% Chg
Brent Oil (\$)	18.81	-0.07	22.08	GDP	113.90	3.80	108.77	Jan
Gold (\$)	284.05	-1.10	368.85	RPI	159.80	3.7	153.91	Nov
Silver (\$)	6.05	0.21	4.86	Base Rates	7.25	6.00		

www.bloomberg.com

source: Bloomberg

LucasVarity sells diesel engines business for \$1.3bn

LucasVarity yesterday announced the sale of its VarityPerkins diesel engine subsidiary to Caterpillar, the US engine maker for \$1.3bn. Peter Thal Larsen finds that the deal will give the automotive and aerospace engineer a sizeable war chest with which to beef up its remaining businesses.

Although the offer from Caterpillar had been unsolicited, the \$1.3bn (£803m) price tag made it impossible for LucasVarity to refuse. "The price beat our own internal valuation of the division, so it was right to sell it," said chief operating officer Tony Gilroy.

Nevertheless, the sale contradicts the strategy mapped out for the business when Lucas and Varity announced their merger just eighteen months ago. At the time, chief executive Victor Rice claimed that VarityPerkins would benefit from sourcing Lucas's fuel injection systems. He said joint research & development initiatives between the two divisions would "result in cost savings and enable the two businesses to compete more effectively on a global scale."

At the time, Mr Rice also predicted that VarityPerkins's sales would almost double to £1.3bn by the year 2000.

Last night, Mr Gilroy admitted that those targets were no longer attainable. "VarityPerkins' sales and margins are not as strong as expected," he said. However, he claimed that this was mainly due to the

strength of sterling, which had hit VarityPerkins more heavily than the rest of the group.

LucasVarity's third quarter results, which were also released yesterday, support that view. In the three months to September, the group's Diesel Engines division produced operating profits of £13m on sales of £157m - lower than in the second quarter, and roughly in line with the pro-forma figures for the third quarter of 1996.

LucasVarity also said that more stringent environmental controls of diesel engines had prompted it to sell the business.

VarityPerkins largely produces diesel engines for off-highway vehicles like earth-moving equipment, which have historically enjoyed less stringent emissions requirements. But environmental legislation is prompting the technology used in off-

highway diesel engines to converge with the engines used in trucks and cars. "We concluded it would have been very challenging to develop a major on-highway business organically," said Mr Rice, adding that building a position through acquisitions was not economically viable.

Investors welcomed the sale, pushing up LucasVarity shares 1.5p to 192.5p in a falling market. "VarityPerkins was always the likeliest disposal candidate. It wasn't really a surprise," said Tim Bennett, engineering analyst at investment bank Morgan Stanley Dean Witter. He added that at a multiple of 19 times forecast earnings and 1.2 times expected sales, LucasVarity had secured a good price for the business.

Industry observers now expect LucasVarity to use the proceeds of the sale to strengthen its aerospace and automotive businesses. After tax and

transaction costs, the group expects the disposal to bring in "in excess of £400m." That would reduce its net debt, which stood at £496m on 31 October, to under £100m. But Mr Gilroy confirmed that the group would be comfortable with current levels of interest cover, suggesting that LucasVarity could afford a big deal.

Since the merger, it has added to its aerospace businesses while also making three bolt-on acquisitions for its braking division. Speculation that the group was lining up an acquisition was heightened when it confirmed that it would not be accelerating the share buyback program which has seen it buy in 3 per cent of its equity this year. "The last thing this company wants to do is stick with cash," one expert explained. "The logical conclusion would be that they've got something lined up."

Racal Electronics to split in two by floating telecoms business

Racal Electronics, the engineering group led by Sir Ernest Harrison, is to split itself in two by floating its Racal Telecoms business and selling the loss-making data communications division. The break-up marks the third time in a decade that the Racal empire has been restructured. Michael Harrison reports.

The decision to float Racal Telecoms follows the group's failure to find a trade buyer prepared to pay a high enough price. The business is expected to be valued at anywhere between £500m and £1bn when it is listed.

However, no timetable has been set for the flotation nor has Racal decided what proportion of the business will be sold off or how the proceeds will be used.

Sir Ernest said: "We were

seeking partnerships for Racal Telecoms which might enhance the business and we received many interesting offers but did not believe any of them gave shareholder value."

The data communications business, which employs 2,500 and made a loss of £18.4m in the first half of the year, will be disposed of in the next three to six months.

The investment bank Goldman Sachs is handling the sale and has already received several expressions of interest. Racal would not be drawn on whether it would make a profit from the disposal.

The data business has assets worth £223m, of which £90m is in the form of property and finance lease receivables.

But the sale will result in a goodwill write back of £112m and further unquantified provisions for restructuring.

Together telecoms and data communications have sales of about £600m a year. Once they are separated out, the remainder of the group consisting of defence electronics and the

instrumentation, recording and survey business with sales of £550m and annual profits of £42m.

This is the third radical reorganisation of the Racal group under Sir Ernest. He demerged the mobile telephone business Vodafone in September 1991. The day after that, Williams Holdings made an unsuccessful hostile bid for the remainder of the group. After fending off Williams he then demerged the locks business Chubb in October 1992. Its value then was £366m. Williams subsequently bought Chubb earlier this year paying three times that amount.

Sir Ernest, 71, who joined the group the year after it was founded in 1950, refused to be drawn on whether this latest corporate restructuring would be his swansong, saying: "This company has a lot of shareholder value yet to be released and I would very much like to be around to ensure we achieve what is possible."

Racal Telecoms is a business telecoms operator which uses a network built around the

national rail network. It is similar to Energis, which the National Grid floated earlier this week for £846m. However, Racal executives would not be drawn on the likely valuation of their business.

Racal Telecom was created through the combination of Racal's existing business telecoms division and British Rail Telecom, which it bought for £140m two years ago. In the six months to 10 October it made a profit of £16.5m on sales of £140m. Sales growth slowed to 2 per cent during the period because of reduced income from the network of National Lottery terminals and lower railway income.

About half its business comes from contracts with the privatised rail companies. Other customers include W H Smith, Heinz, ICI, Zeneca and a range of government departments.

Racal blamed the escalating losses in data communications on delays in new product launches.

Outlook, page 21

Triplex Lloyd shares soar on takeover approach

Shares in Triplex Lloyd soared 15 per cent to 263.5p yesterday after the engineering group revealed it was in talks which could lead to a bid being made for the company at about 280p a share.

Speculation about a possible bid for Triplex Lloyd has been raging for several days. The predator is rumoured to be Doncasters, the Derbyshire-based aerospace and industrial engineer whose shares are quoted on the New York Stock Exchange.

However Ian Dillamore, Doncaster's chairman, refused to comment on the speculation. "I have nothing to say. There is no present or impending announcement," he said.

According to sources close to Triplex Lloyd, discussions are continuing but a deal is not imminent.

Speculation about a bid for Triplex Lloyd has been continuing since July, when chief executive Graham Lockyer left the group over disagreements about strategy. The shares promptly touched a new low of 154p. However, they soon rebounded as bid rumours swirled around the market, forcing the

company to announce in October that it had been in talks that had subsequently ended after the two parties were unable to agree a price.

Triplex's strategy has been in tatters since the group's attempt to buy William Cook, the castings group, failed when its offer was trumped by a management bid backed by venture capital group Electra Fleming. Triplex had argued that the acquisition would give it the critical mass it needed to compete in global markets. The group's exports have also been hurt by the strong pound.

Triplex has yet to find a permanent replacement for Lockyer. Finance director Bob Mitchell has been acting chief executive since July.

Analysts suggested that investors would be happy to accept an offer pitched at 280p a share, but stressed that the company was basically sound. Despite the pressures of currency, recent interim results were ahead of expectations, prompting brokers to upgrade full-year profit forecasts to £17m.

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OUTLOOK ON THE BID FOR CHRISTIE'S, THE CRISIS IN SOUTH KOREA, AND THE FLOTATION OF RACAL TELECOM

Why Christie's is better off privately owned

Auction houses have never had a particularly comfortable existence as publicly quoted companies. Their earnings are cyclical and unpredictable, and their main asset - their experts - tend to be people of fragile ego and a willingness to walk at the slightest prompting. Moreover, the business has changed in a way which makes the generally quite inflexible capital resources of a publicly quoted company inappropriate to the task of selling fine art.

So it is hardly surprising that both Christie's, and to a lesser extent Sotheby's, should find themselves in play right now. Both are in truth probably much more suited to private ownership than the publicly quoted sector. Surprisingly, the most important reason for this is not the one most often cited - that rich people are prone to aspire to such businesses because of vanity.

These days, the big vendors expect to have their collections underwritten, they expect the auction house's valuation to be guaranteed when the collection is put up for sale, so that they achieve the reserve even if it is not reached. Few publicly quoted companies can justify taking such risks with their shareholders' money, and indeed Sotheby's recently lost a packet on such a transaction. Even in today's sophisticated financial markets, it would be difficult to underwrite these things on a case by case basis.

Obviously, the auction house in a position to guarantee the vendor is much better placed to win the business. Returns from auctioneering could thus theoretically

be greatly enhanced in the hands of those with access to limitless capital. Christie's has admitted to on off, and now on again, talks with a mystery predator. We still don't know who it is, but it seems likely that the above is what this is all about.

Christie's has hired Merrill Lynch alongside its traditional merchant bank adviser, Hambros - presumably with the intention of bolstering its defences or finding an alternative. It may be too late for that. The question is no longer about whether Christie's remains an independent, publicly quoted company. Rather it is about the price at which the company goes private. Given the kind it finds itself in, that's unlikely to be much of a premium.

No more money for South Korea

There is probably no alternative solution to South Korea's ever-deepening crisis but to throw a large quantity of international money at it. The trouble is that the \$57bn of IMF and other credit already doled out may not be enough, as the markets were beginning to anticipate yesterday. Nor is there any certainty that this hastily arranged package will in practice buy sufficient reform in South Korea to tackle its deep rooted structural faults. Would it not have been better in the long run to have allowed Korea to go to the wall?

A number of conditions have been at-

tached to the IMF's support, but there is not much evidence of South Korea taking real responsibility for its economic ills. Nor, given the haste with which this package was agreed, can the IMF have any more than a superficial understanding of the nature and scale of South Korea's difficulties. No real banker would lend on such terms, and there must be more than a chance the IMF will end up regretting it.

There is scarcely any point in the IMF and other lenders stumping up the emergency loan unless it leads to root and branch reform. All it achieves is a bail-out of the banks and other financial institutions that have lent to South Korea.

The Mexican crisis that exploded at the end of 1994 offers a good parallel. It took two months for the terms of its international rescue package to be agreed. But that stand-by loan of \$50bn, settled in early February 1995, did not stabilise the peso. It went on to lose another third of its value on the foreign exchange.

The currency only stopped falling once the Mexican Government admitted its mistakes, set in place new budget and privatisation policies, and said there would be a recession. After a year in the doldrums, the economy has since recovered, and Mexico never drew all of the emergency loan. It even repaid money ahead of schedule.

There has been a grovelling apology from the Korean President over the scale of the crisis and some rotten investment banks have been closed. But essentially there has been no Mexican style mea cul-

pa from the Korean authorities, nor will there be ahead of next week's presidential election. The question is whether whoever is installed then will make it plain that badly needed reform of the banking system and corporate sector will take place. The precedent set by worker unrest a year ago over modest proposals for labour market reform is not encouraging.

If South Korea does remain unwilling to bite the bullet, it will call into question the purpose of the emergency loan. The IMF is proud of its ability to respond quickly to crises, but this year it has all but exhausted its emergency fund with credits for Thailand and Indonesia as well as Korea. It should not have been so swift to agree to the Korean request.

Now that it has done so, it finds itself in an awkward situation. Should it carry on disbursing the loan even if the country does not implement the tough conditions properly, throwing good money after bad? Or should it halt the loan whatever the political and economic consequences of doing so?

In the end, it boils down to how much worse the repercussions for the rest of the world economy and financial system would be if the Koreans had to fend for themselves. Would the resulting loan defaults and turmoil in Asian and other emerging markets fatally damage the international banking system or plunge the OECD into recession? Probably not is the answer. The IMF must be hoping beyond hope that the Korean government will do enough to meet its conditions. But if it does not, it should

let Korea face the consequences of its own decisions.

Racal's third reincarnation

Racal Electronics may not hear the name of Sir Ernest Harrison but it ought to. He has been synonymous with its evolution over the last 47 years and there seems to be no end to the amount of shareholder value that the wily old bird thinks he can wring out of the business before hanging up his boots.

At the age of 71 he is about to preside over the group's third re-incarnation in less than a decade. The first rebirth came in 1991 when he demerged the cellular telephone business Vodafone (having floated a minority stake three years earlier) while simultaneously beating off a hostile bid from Nigel Rudd of Williams Holdings. The second came with the demerger of the Chubb locks business a year later. Now Racal Electronics, as the shrunken empire is known, is re-inventing itself again by floating off the business telecoms arm and selling data communications.

Shareholders can hardly grumble at the first two demergers. Vodafone has tripled in value since demerger while Chubb went for three times the price when Sir Nigel returned with his knighthood and an agreed bid this year. Optimists think Racal Telecom might be worth £1bn if Ensign can float for £350m. But a more realistic price might be nearer £600m given that telecoms companies and public listings do not make happy bedfellows.

Cassidy ousted as Liberty family feud reaches bitter climax

Denis Cassidy was yesterday ousted from his post as chairman of the luxury department store Liberty in the bloody climax of a bitter feud among members of the store's founding family. As Andrew Verity reports, Elizabeth Stewart-Liberty united with her former nemesis, corporate financier Brian Myerson, to vote out Mr Cassidy.

The Stewart-Liberty family was yesterday attacked by members of a rival branch of the Liberty dynasty for "trampling on the Liberty flower" as it staged a shareholders' coup against a chairman who said his real sin was to be too independent to tolerate.

Rebel shareholders led by Elizabeth Stewart-Liberty, a descendant of the store's founder, gained 10.9 million votes in favour of three resolutions to remove Mr Cassidy and install Brian Myerson, a South African corporate financier, and Odile Griffith, Mrs Stewart-Liberty's financial adviser, as directors. Votes against totalled 8.7m.

Andrew Garety, a serving director who has been appointed chairman in Mr Cassidy's place, said: "The Board regrets the departure of Denis Cassidy, who has played a vital part in leading the team

that has turned the business around. It is my first concern that we try to avoid further disruption to Liberty."

A decision to abstain by the Merchant Navy Ratings' Pension Fund, which holds a 5 per cent stake in the store, assured Mr Myerson and Odile Griffith, Mrs Stewart-Liberty's financial adviser, victory. They won a resolution to oust Mr Cassidy with a majority of votes cast. Two further resolutions, giving non-executive directorships to Mr Myerson and Ms Griffith, were also carried.

Sitting stoney-faced at yesterday's egm with Mr Myerson, Mrs Stewart-Liberty resisted repeated calls to tell other shareholders her corporate strategy. The two this year reconciled past differences to form a "Concert Party" which controls 47 per cent of shareholders' votes at the London-based department store.

In a swipe at Mr Myerson, Anthony Blackmore, a shareholder descended from another member of the Liberty clan, said: "It is quite unacceptable that Mr Myerson and his colleagues should decline to say what they intend to do. I don't think [Myerson] is qualified to sit in the boardroom. I want to improve Liberty by retailing and not by pushing hits of paper around the City." Another shareholder said of Mr Myerson's silence: "This is a very arrogant way to behave."

Facing the prospect of be-

ing removed as chairman, Denis Cassidy, a former chief executive of Bhs, accused the rebel shareholders of seeking to acquire control of Liberty without paying a premium. "The real victim here is not me but the company, corporate governance and shareholder democracy."

He added that both Mrs Stewart-Liberty and Mr Myerson had failed to honour assurances given as a condition of his appointment that they would not interfere with the running of the business. "Perhaps, in their view, I am too independent," he said.

Mr Cassidy also warned that the four other members of the board, who have given him unanimous support, would reject a demand, floated by the Concert Party, for Mr Myerson and Ms Griffith to become co-chairmen.

The latest episode of the family feud at Liberty was ostensibly over a plan by the board to expand the company's flagship Regent Street store. The plan was to utilise 50,000 square feet of unused space to compete with West End rivals such as Harrods and Harvey Nichols.

Mr Myerson and Mrs Stewart-Liberty claimed to be annoyed at the £43m investment required, against Liberty's market capitalisation of £67m. They have also objected to the closing of regional branches. Mr Cassidy yesterday said Mr Myerson had backed both the branch closures and the size of investment.

Harvey Nichols shares slump



Harvey Nichols, the Knightsbridge department store made famous by Edina and Patsy from 'Absolutely Fabulous' (right), had an absolutely ghastly day yesterday as news of a slowdown in pre-Christmas sales wiped almost 11 per cent off its value. Shares in the company slumped 23p to 193p as the company reported that sales growth in the first nine weeks of the second half had slowed to only 3 per cent. Joseph Wan, the group's colourful chief executive, called the performance 'disappointing', but said that he was still 'optimistic' about the Christmas period. While trading at group's new store in Leeds is improving, sales at the flagship Knightsbridge shop are slowing, leading to the likelihood of sharp markdowns in the January sales, said Mr

Wan. Part of the problem is the strong pound which has deterred overseas customers from spending. The retailer makes around a fifth of its sales from outside the UK. The news of disappointing current sales growth came as the company reported a 24 per cent rise in first half turnover to £60.9m and pre-tax profits 10 per cent ahead to £6.1m, boosted by a first time contribution from the Oxo Tower restaurant and a full year's trading from the Leeds shop. Mr Wan said he planned to open another two department stores in the UK and a further four restaurants. Mr Wan said he was 'within a few months' of announcing the next department store, which will be located either in Edinburgh, Glasgow, Newcastle or Manchester.

Investment column, page 24

Exports pick up despite the strength of sterling

Export orders have improved despite the strength of sterling, according to the latest business survey. This brighter-than-expected picture on the industrial front contrasted with other reports hinting at a gloomier consumer outlook, says Diane Coyle, Economics Editor.

Manufacturers' order books have returned to their healthiest level since August 1995, the Confederation of British Industry reported yesterday. Domestic orders remained strong while export orders picked up from their depressed level.

The CBI said the strong pound was still hitting exports. But it admitted: "The sharp deterioration in order books recorded in the middle of the year seems to have been halted."

The balance of manufacturers surveyed saving overseas orders had risen rather than fallen was minus 29 per cent, a hit less deep into negative territory than November's minus 34 per cent balance. The balance reporting an increase rather than a decrease in total orders climbed to plus 2 per cent from minus 3 per cent. Sudhir Junankar, a CBI economist, said the slight improvement in export demand provided a "welcome breathing space for hard-pressed exporters".

Some City economists were far more upbeat. Adam Cole at James Capel said: "This may be the first sign that the worst is over for exporters."

While others shared the CBI's caution, all agreed that the latest results did little to change the Bank of England's interest rate calculation. If interest rates do increase further, as widely expected, it is unlikely to take place until some time after the New Year when the Bank has more evidence on how fast the economy has expanded in the final quarter of 1997.

According to the monthly CBI survey of industrial trends, the modest improvement in orders did little to boost business optimism. The expected output balance improved a shade to 10 per cent from 9 per cent last month, although the increase would be greater adjusted for the normal seasonal downturn in December.

Manufacturers' expectations of pushing through price rises also increased slightly. But this too reflects the normal seasonal anticipation of raising list prices in the New Year - an expectation which has been disappointed in recent years.

Mr Junankar said the inflation outlook remained very promising. Kevin Darlington, an economist at ABN-Amro, agreed. "Core producer output price inflation should remain muted," he said.

Figures earlier this week showed that the benefits of low inflation at the factory gate had not fed through fully to the high street. Retail price inflation last month remained at a two-year high.

The economy is expected to slow in 1998, but opinions differ as to whether this will be marked enough to make additional increases in the cost of borrowing unnecessary.

Co-op revamps but rules out sell-offs Stock Exchange moves to thwart New Year's Eve manipulation of FTSE

The Co-op has completed its strategic review, more than six months after Andrew Regan failed in his £1bn break-up bid for the group. No businesses will be sold but costs will be cut and the emphasis shifted more towards convenience stores than major supermarkets. Nigel Cope, City Correspondent reports.

The Co-operative Wholesale Society said the shake-up should help focus management thinking and investment priorities. Management also hopes that the review will help change the Co-op's image as an old-fashioned, lumbering under-achiever. Announcing the changes,

the CWS chief executive Graham Melmoth said: "Now that the distractions of the first half of 1997 are behind us, we can set our agenda and focus the CWS on a new direction."

The decision not to discard any of the Co-op's disparate array of businesses means it will retain interests in food retailing, funerals, farming, travel, banking, insurance and opticians.

However a number of changes will be made:

- No more superstores will be developed and the CWS's 20 superstores may be sold if their performance does not improve. Rival superstore groups have already been buying some stores from the Co-op movement.
- The number of food-based convenience stores will be increased from the current 50 outlets to 300-350. No cost of this programme has been released.
- The 300 mid-sized supermarkets will be retained and the

Co-op will continue to concentrate these outlets on markets towns.

• The Co-op dividend card will be rolled out nationally to all of the group's 700 food stores in the New Year and to other businesses on a trial basis.

• Around £10m of costs will be cut from the CWS supermarket supply chain, which is seen as inefficient compared to the major supermarket groups.

• Additional funds will be allocated to the CWS operations in funerals, farming and travel, which have been under-invested. It plans to grow market share in funerals.

• Several management changes have been made, including the appointment of Malcolm Hepworth as retail controller. He replaces Allan Green, who was sacked for his part in Andrew Regan's break-up bid last spring.

Co-operative Bank will join the CWS executive with responsibility for financial services.

Commenting on the review CWS director Bill Shannon said a reshaped, better performing Co-op would help protect the business from the unwanted approaches of predators such as Andrew Regan. "The best way of deterring another Andrew Regan is to show that we can add real value by being a Co-op. We are not relying on rule changes to protect us. We intend to demonstrate that there is a clear difference between the Co-op approach and those of others."

Graham Melmoth added: "The CWS will play to its strengths and build on those businesses which benchmark well with their peers." The review was undertaken by LEK, the corporate strategy group and BDDH, the communications consultants.

The Stock Exchange moved yesterday to tackle problems with Sets, its new electronic order driven trading system. It has modified New Year's Eve trading rules, and intends to crack down on market abuse. Lea Paterson reports.

The London Stock Exchange will close at 12.10pm on New Year's Eve, the same time as the London International Financial and Futures Exchange (Liffe) and 30 minutes earlier than usual. A special pricing formula will be used on New Year's Eve to calculate closing prices.

The Exchange is also planning to strengthen its rules on

price manipulation, following claims last week that two JP Morgan traders had tried to fix the FTSE 100 index.

Yesterday's decision was prompted by heavy criticism of Sets, the order-driven trading system launched at the end of October. At certain times of the day, particularly in the late afternoon and early morning, very few orders are placed on the Exchange's new order book and very few trades are conducted. This so-called lack of liquidity makes it easier for a small number of trades to distort the FTSE 100 index. In particular, there have been several instances of "rogue", or unrepresentative, closing prices, both for individual stocks and for the FTSE itself.

Concerns had been voiced that if the level of the FTSE were distorted on New Year's

Eve, traditionally a very thin trading day, there could be serious financial repercussions. Closing New Year's Eve prices are used, among other things, to calculate fund valuations.

The Exchange took two steps yesterday to try and head off the problem of rogue closing prices on December 31. First, the Exchange will shut at the same time as Liffe. Typically, trading is particularly thin on the London stock market once Liffe has shut.

Second, the Exchange plans to use a special formula to calculate closing New Year's Eve prices. This formula will "enable the Exchange to strike out anomalous closing prices for the purpose of valuation and index calculation," the Exchange said yesterday in a statement.

Final details of the formula

will not be revealed before next week, after the Exchange has had an opportunity to consult with market participants. But it is thought that the formula will be similar to the "uncrossing" that happens at the beginning of the trading day. At 8.30am an "uncrossing" process matches all buy and sell orders inputted between 8am and 8.30am against one another. A similar process at the end of the day should help prevent trades being executed at rogue prices.

The Exchange also moved yesterday to tighten up its rules on market manipulation. At present, when there is an illiquid market making it easy to distort the FTSE conditions are ripe for market abuse, as illustrated by claims of FTSE manipulation two weeks ago.

Pfizer creates 1,000 jobs but Siemens thinks again in Tyneside

Pfizer, the US drugs giant, confirmed yesterday that it is investing £109m in a new research facility in Sandwich, Kent in a government backed move which will create 1,000 new British jobs in the next five years. However, Siemens, the German engineering and electronics giant, has abandoned plans to create up to 600 more jobs at its computer chip plant on North Tyneside after a new crash in global semi-conductor prices.

Sameera Ahmad in London and Chris Godsmark in Munich report.

investment into Britain. She said the investment by Pfizer showed "Britain's historic science base really is a priceless asset".

Pfizer which receives a £3m grant from the Department of Trade and a £2.5m contribution from English Partnerships is considering an additional £241m investment in the next three years to expand its research facilities, and for a new manufacturing plant and warehousing. Ken Moran, chairman of Pfizer Limited, the UK subsidiary of the US group called the UK "the healthcare innovation centre of Europe".

Ms Beckett defended her decision to award the £3m grant even though Pfizer has been operating in the UK since 1951 and already employs 3,400 people. "Pfizer could have put its investment in a number of other countries including the US," she said. Pfizer said the grant was a "significant factor" in its decision to expand in the UK.

Though Ms Beckett boasted yesterday that Britain "has

attracted far more of the world's inward investment than any comparable country of its size," not everything is going the Government's way. When Siemens revealed its £1.1bn investment programme for Tyneside in 1995 the original intention was to build two manufacturing halls, creating 1,800 new jobs in one of the UK's most depressed regions. But as work began on the site, the price of computer memory chips crashed by as much as 80 per cent, forcing the company to review its world wide investment plans. When semi-conductor prices staged a 30 per cent recovery in the spring, Siemens pledged to press ahead with the second stage of the plant. But the group pointed yesterday to a new slide in prices.

Heinrich von Pierer, Siemens's chief executive, said: "It's always been a cyclical market and the cycle is now at a low point, a trough. That is why it would not have been wise to start up a new plant." Instead Siemens

has squeezed more production out of the first hall, opened by the Queen in May.

The move follows hot on the heels of the decision by Samsung, the Korean conglomerate, to cancel £350 million expansion plans at its Teesside manufacturing base. Toyota also confirmed this week that it had chosen France and not Britain as the site to build a new small car.

The chip price crash took its toll on Siemens results yesterday with profits at its semi-conductor divisions in the year to September dropping from DM603m to DM109m. Siemens's overall profits in its 150th anniversary year rose 5 per cent after tax to DM2.6bn. It also emerged that the company has delayed for six months holding single currency seminars with many of its 13,000 UK suppliers. They have been asked to adopt voluntarily the euro for transactions with Siemens UK companies, which will prepare their accounts in the single currency from October, 1999.



Margaret Beckett: Pfizer's decision hailed as 'a vote of confidence' for inward investment into Britain. Photograph: Rui Xavier



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PRESTON The Capital Centre, London Way
SHEFFIELD Meadowhall Retail Park (Now open)
TELFORD Telford Shopping Centre
WATFORD Asda Shopping Centre, St. Albans Road

All Showrooms open Sundays (except Greenwood). Canterbury opens soon

Bank of England obtains injunctions in fraud scandal

The Bank of England has obtained injunctions against three alleged swindlers trading under the name of First Merchant Bank. Robert Young, charged with fraud in August 1996 after allegedly losing £16m in trades executed by a UBS subsidiary, is thought to be one of the three implicated in the latest scandal. The Bank is currently investigating claims that Mr Young, together with Marish Chorbrynski and Mark Bullen, posed as a *bona fide* bank employee in an attempt to defraud would-be investors. But Mr Young is also understood to be currently facing fraud charges relating to trades executed through Cantrade Private Bank Switzerland, a subsidiary of Swiss bank UBS, between 1988 and 1993.

Small business Bill launched

Barbara Roche, the Small Firms Minister, announced a bill aimed at protecting small businesses against late payments. The Bill will give companies a statutory right to charge 5 per cent over base rate on the late payment of commercial debts. The Government had originally suggested interest be charged at 4 per cent over base rate. Announcing the Bill, Mrs Roche said: "Late payment hits small firms hardest; it stifles growth, disrupts cashflow and ultimately hits profits. I believe that small firms should be given every opportunity to benefit from the increased competitiveness that a healthy cashflow can bring."

UKTV appoints chief

UKTV, the joint venture between BBC Worldwide and Flextech, has appointed Dick Emery chief executive. Mr Emery is presently chief executive of BBC Worldwide. UKTV consists of three new channels - UK Arena, UK Horizons and UK Style - which launched on cable at the beginning of last month. Two further sports and entertainment channels are due to start broadcasting next year.

Daily Mail profits leap

Daily Mail and General Trust, owner of the *Daily Mail* and *The Mail on Sunday*, yesterday reported profit before tax up 68 per cent to £143.7m. Lower newspaper prices and higher advertising revenues contributed to the good figures, which encouraged many analysts to upgrade their forecasts for next year. Northcliffe Newspapers, DMGT's regional division, has been approached by Lord Hollick's United News & Media about the purchase of United Provincial Newspapers. However, analysts say it is unlikely DMGT would buy the whole of UPN, and point out that there are few geographical synergies between the two groups. *Investment*, page 24

Brussels looks at Reed plan

The European Commission said yesterday it had begun a full inquiry into the proposed merger of the publishers Reed Elsevier and Wolters Kluwer, saying it feared for competition in the British and Dutch legal publishing sectors. Reed and Wolters unveiled a £17bn merger plan earlier in the year. The investigation by the EC could lead to the disposal of various titles in businesses where the two publishers are unduly dominant. The news will come as a further blow to Reed shareholders, who have been hit by the disclosure of irregularities in its Travel Group circulation figures.

Thomas the Tank set for US

Thomas the Tank Engine and Friends will be shown across the US by Rupert Murdoch's Fox Family Channel, following a deal with Britt Allcroft. Britt, which has the rights to Thomas, believes the move will make a big contribution to profits in 1999 and 2000. Shining Time Station and the Magic Adventures of Mumfie will also be televised. Fox has the option to extend the existing contract for two years for an additional significant licence fee.

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Adia (F)	72.88m (90.42m)	8.1m (8.8m)	7.9p (10.1p)	3.5p (2.0p)
Atlantic Telecom (I)	- (-)	4.01m (0.300m)	7.53p (0.99p)	nil
WSA Adia (I)	175.3m (153.3m)	12.7m (19.7m)	8.4p (7.0p)	2.7p (2.25p)
Copyright Promotions (I)	9.13m (8.88m)	0.061m (0.085m)	0.61p (0.85p)	nil
Countrywide Progs (F)	195.7m (180.3m)	9.3m (3.1m)	10.5p (3.4p)	5.0p (2.25p)
Daily Mail & Gen Trust (F)	1.200m (1.00m)	143.7m (85.5m)	92.4p (64.1p)	23.0p (19.4p)
Pelister King (I)	2.49m (2.13m)	0.144m (0.072m)	1.2p (0.5p)	0.75p (0.5p)
Harvey Nichols (I)	60.94m (49.18m)	6.1m (5.5m)	7.4p (6.4p)	2.1p (1.8p)
HMS Smith (F)	81.28m (80.88m)	1.22m (2.82m)	2.56p (5.85p)	4.2p (4.5p)
Hunters Associate (F)	57.85m (54.27m)	3.66m (1.83m)	10.45p (4.66p)	4.5p (4.5p)
Lucas Varley (I)	1.15b (-)	84.5m (-)	4.0p (-)	nil
NS International (I)	14.30m (17.34m)	0.200m (0.121m)	0.4p (0.2p)	0.1p (0.1p)
Pollstar Progs (I)	15.66m (-)	0.115m (-)	- (-)	nil
Royal (I)	590.4m (602.04m)	9.3m (1.2m)	1.99p (4.78p)	2.1p (2.1p)
Reliance Security (I)	57.78m (49.42m)	2.1m (1.1m)	6.3p (3.3p)	1.85p (1.75p)
Sheld Diagnostics (I)	3.45m (2.72m)	0.271m (0.291m)	1.23p (1.56p)	nil
Titan (F)	11.95m (11.74m)	1.537m (1.728m)	9.55p (10.85p)	5.2p (5.9p)
(F) - Final (I) - Interim			EPS is pre-exceptionals	*Dividend to be paid as a FID

MARKET REPORT



DEREK PAIN

Abbey National breaks through Asian gloom

Asian turmoil returned to haunt the stock market. At one time Footsie was down 131.1 points, it ended off 94.8 at 5,035.9.

Supporting shares, which have sadly underperformed their peers this year, had a much more relaxed time as the spotlight concentrated on blue chips with Far Eastern exposure.

So HSBC fell 84p to 1,536p and the Standard Chartered banking group 27p to 698p.

The market, however, remained receptive to old fashioned, unadorned take over rumours. Not surprisingly the latest escapade featured two financial high flyers, Abbey National and General Accident.

Of the handful of blue chips to record plus signs Abbey led the way with a 22p gain to a 1,035p peak and GenAcc trotted behind, up 16.5p to 1,054p, a shade below its all-time high.

Rumours, as even the most casual observer of financial shares must be aware, have swirled around for much of this year. The Merrill Lynch strike at Mercury Asset Management, the investment banking retreats of Barclays and National Westminster Bank and the Swiss roll of UBS and Swiss Bank Corporation are merely the latest examples of the dramatic upheaval which is transforming the investment scene.

The former building societies are flushed with cash. Abbey, the first to become a bank, has demonstrated the rich benefits available from conversion and with its shares riding at a record level must feel it has the muscle power for a strike at a major quoted group.

Insurance would represent an intriguing expansion and GenAcc an ideal target.

Abbey has made no secret

of its burning ambition to use its market clout - it is capitalised at around £14.5bn - and has even looked in the direction of NatWest.

The Abbey display was helped by positive comments from Merrill Lynch, which is thought to have sharply increased its profit estimates, and SBC Warburg.

The Asda/Safeway story took a breather with Asda off 25p to 173p and Safeway 10.5p to 344.5p. In general retailers had another poor session as Christmas trading worries continued to hit sentiment.

Cain Energy, the oil and gas explorer, was one to buck the market trend. The shares flared 12.5p to 497.5p as hopes about the eventual Bangladesh concession continue to flow. In the meantime the market had an encouraging drilling report to dwell on and positive com-

ments on prospects from Merrill. But Enterprise Oil tumbled 25.5p to 582.5p. Technical problems for the suspension of drilling at its Italian Monte Fio field and worries about the crude price did the damage. Lasmo lost 10.75p to 261.25p.

Railtrack remained on the down line, off a further 53p to 943p following the regulator's threatened review.

Orange, the mobile telephone group, felt the impact of Societe Generale Strauss Turbillion.

sell advice, falling 10p to 250p. Racial Electronic rose 14p to 234.5p as chairman Sir Ernest Harrison plucked his third merger offer from the hat. He intends to float Racial's remaining telecoms operations and sell its loss-making data products side.

The telephone share sale will follow similar exercises featuring Vodafone and Chubb Security (now owned by Williams).

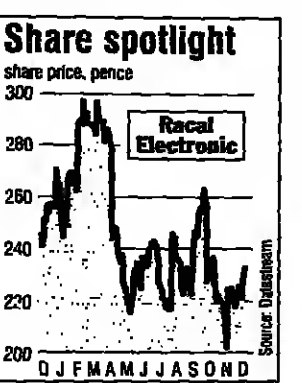
RJB Mining gave up half of Wednesday Tony Blair inspired rise, ending at 250p, and Christie's International, the fine art auctioneer, surrendered 14p of the take over fuelled advance to end at 292p.

Take over action among

TAKING STOCK

General Industries, sold at 25p a share, is due to appear on AIM today. Headed by Richard Wollenberg, who runs Cardiff Property, it is the latest start-up aiming to offer support to up-and-coming companies. The four directors have 31 per cent of the capital and fund manager Jupiter Asset Management has taken a 15 per cent stake.

Industrial Control Services jumped 8p to 49p as the Trevor Wheatley inspired revamp got underway. The shares were 146.5p in September, before estimated half year losses of £27m became apparent. There are hopes of profits in the second half year. To help stabilise the company shares are being sold at 50p to raise £32.1m. Mr Wheatley, former head of Control Techniques, becomes chairman, investing £1.5m.



52 week	High	Low	Stock	Price	Chg	YTD	P/E	Div	Div Yld
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13	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
14	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
15	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
16	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
17	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
18	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
19	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
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36	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
37	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
38	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
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44	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
45	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
46	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
47	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
48	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
49	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
50	10.50	9.50	Alcoholic Beverages	10.50	-0.50	-10.00	10.00	0.00	0.00
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THE INVESTMENT COLUMN

EDITED BY SAMEENA AHMAD

Daily Mail reaps its rewards

Lord Rothermere has been pouring money into the *Daily Mail* and *The Mail on Sunday* at the expense of Lord Hollick's rival Express newspapers for such a long time, that it is high time he started reaping the rewards.

Yesterday, there were rewards aplenty for all investors, with pre-tax profit for the year to September ahead 68 per cent to £143.7m. That inspired virtually every analyst in town to upgrade their forecasts. The price of the company's A shares - not controlled by Lord Rothermere - rose 67.5p to 187.5p.

Newspapers were the main impetus for growth. Newspaper prices fell 18 per cent on average and advertising revenues across the two national papers and the *Evening Standard* rose 12 per cent. Much of the advertising growth came from yield - extracting more money per ad - enabling the company to squeeze the maximum cash out of advertisers without having to spend more on extra pages.

Northcliffe Newspapers, the regional paper division, also had a good year, like the nationals, managed to improve circulation. Advertising revenues were also ahead 13 per cent. Much of Northcliffe's future performance depends on whether it responds to United News & Media's approaches about the sale of Lord Hollick's regional titles, United Provincial Newspapers. Such a move could prove risky and expensive. However, buying the whole of UPN looks unlikely given a lack of synergies between the two companies.

Apart from Euromoney Publications, the specialist magazines and conference business which announced record results earlier in the year, DMGT's other divisions have a slightly less certain future.

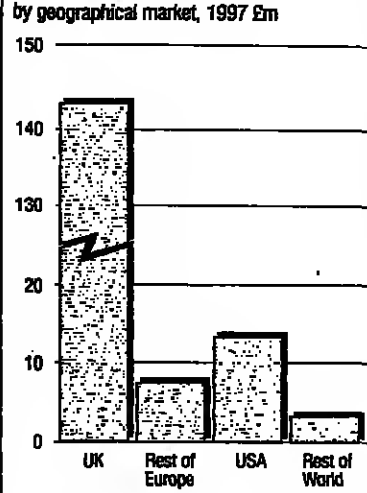
DMG Radio has run up against the regulators in the UK so far. While its tie up with Chris Evans to bid for the North West radio franchise could lead to further involvement with the DJ-turned-radio magnate, further opportunities in UK radio look scarce. However, DMG Radio has approached the Radio Authority about buying a further 14 per cent of its Essex Radio. If approved, the move would lead to a takeover, as DMG already owns 27 per cent of the group. It is also flirting somewhat dangerously with television

Daily Mail & General Trust: At a glance

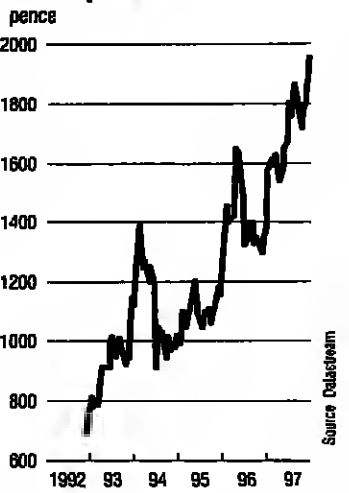
Market value: £18.8bn, share price (A) £18.75 (+67.5p)

Five-year record	1993	1994	1995	1996	1997
Turnover (£bn)	0.68	0.78	0.87	1.0	1.2
Pre-tax profit (£m)	64.4	92.1	66.8	85.5	143.7
Earnings per share (p)	49.9	58.3	51.4	57.4	89.8
Dividends per share (p)	14.2	16.5	17.8	19.4	23.0

Operating profit by geographical market, 1997 £m



Share price



via its local cable venture, Channel One.

Teather & Greenwood forecasts £168m next year. That would leave the company on a forward p/e ratio of 17.8, a 12 per cent premium to the market. Not cheap, but still worth tucking away in the medium term.

Atkins deserves a higher rating

WS Atkins must wonder what it is doing wrong. In the past, the group has produced compound earnings growth of about 25 per cent a year. It operates in the fast-growing areas of outsourcing and facilities management - running prisons, managing road building programmes for example.

The company has £74m of net cash on its balance sheet - less than half of which belongs to its customers. Yet compared to more established peers such as Serco, Atkins' shares are on a pitifully low rating.

True, Atkins hasn't been around as long as Serco. It is also less exposed to outsourcing than its larger rival, relying on that area for about 50 per cent of its revenues. And Atkins shareholders have not done badly - they are sitting on a 66 per cent profit from last year's flotation price of 215p. The shares put on another 7.5p to 357.5p yesterday.

Nevertheless, on the evidence of its interim figures, Atkins deserves better. The 31 per cent jump in operating profits to £8.4m, achieved on a 14 per cent rise in turnover, was almost entirely the result of organic growth.

Atkins still relies on the public sector for about half its revenues. But the private element is growing faster, as is the proportion of sales from overseas, which grew by 19 per cent despite the impact of the stronger pound. Chief executive Michael Jeffries is targeting South East Asia and the US - where Atkins is hoping to cash in on its industry expertise - as growth areas.

He claims the recent dearth of deals is the result of prudence rather than lack

of activity, and argues that Atkins has plenty of good ideas for its spare cash. Brokers are forecasting full year profits of £20m, putting the shares on a forward p/e ratio of just 18. Given Atkins' track record and growth prospects, a re-rating looks overdue. Cheap.

Disaster at Harvey Nichols

Absolutely disastrous. That's the verdict on Harvey Nichols' share price since its unfortunate investors were persuaded to buy into its over-hyped and over-priced flotation. The fashion store beloved of ab-fab Knightsbridge ladies was launched at 270p in April last year to much puff.

The shares soared to over 370p - putting them on a ridiculous rating of almost 40 times earnings - before deflating as investors started to worry about the group's expansion plans. When they fall, go-go stocks fall hard.

Yesterday's news of just 3 per cent sales growth in the first nine weeks of the second half, sent Harvey Nicks' share price crashing 23.5p to 193p. Though the group refuses to split out the relative contributions of its two shops, growth at its flagship Knightsbridge store appears to be slowing. The strong pound put off overseas shoppers, which account for around a fifth of its sales.

That together with a general lull in trading as a result of uncertainties during the general election and the death of Princess Diana, led to the company to slash prices of some summer stock lines by almost half to clear the backlog.

There is likely to be more discounting this January given the mild autumn, great for shoppers but not for margins, already under pressure from higher interest rates in the new Leeds store. True some of that should be offset by continuing strong contribution from the higher margin Oxo Tower restaurant division and better profits from Leeds as the product mix improves.

However, when Harvey Nicks goes ahead with its second store opening, probably in Newcastle or Edinburgh, costs will rise again. Broker UBS forecasts £13.5m profits for the full year. A rating of 12 times may look cheap compared to a market on 17 times, but is reasonable for the sector. Hold.

PEOPLE & BUSINESS

JOHN WILLCOCK



Sky staff have received an unexpected Christmas e-mail from the company concerning recent decision by Telewest, the cable operator, to drop Sky's History Channel from its line-up. It is being replaced with a number of other channels, including the new BBC channels, "none of which offer a service dedicated to historical programming, or provide the educational value that The History Channel does", says the memo.

Sky continues: "It is important that all Sky staff who subscribe to Telewest call their local Telewest operator and demand that The History Channel be retained on their service. Please also encourage any friends/family whom you know to be Telewest customers to do the same."

The memo then lists 14 Telewest customer service phone numbers, and concludes: "Please delete after noting down the relevant numbers. Thank you."

Poor old Denis Cassidy. The chairman of Liberty was denied rebellion yesterday by the Stewart-Liberty family at the London store's egm. Mr Cassidy also had to deal with some highly eccentric questioning from the floor.

As soon as Mr Cassidy asked for questions from the couple of hundred Liberty shareholders gathered at the Institute of Actuaries in Holborn, a white-haired man in the second row popped up and mumbled something incomprehensible.

Mr Cassidy said he couldn't understand the question, at which the shareholder raised his voice: "Are the board a deficient number, an excessive number or a perfect number?"

A visibly nonplussed Mr Cassidy gamely replied: "There is no answer I can give you but that the number of directors is five."

To which our mystery shareholder declared: "If you divide by three and you get two, then

you get 28. These are infinite numbers that are the rule of the universe." A bemused meeting then moved on to other matters, until the numerologist felt the need to comment on the finance director Andrew Garey's claim that while the company was investing heavily "conversely they would get a good return on it".

The White-haired One said: "Mr Garey referred to converse but it is inverse, reverse, converse, perverse, as I am." Cosmic stuff. A colleague assures me this is a direct quote from a song called "Murder Mystery" by Velvet Underground, which appeared on the heavily drug-influenced New York band's 1969 album *Candy Says*. What any of this has to do with the future of Liberty is unclear.

Apologies for the following lastless jokes currently doing the rounds of the City wine bars: What does UBS stand for? You've been sacked. How about SBC? Sacked before Christmas. A heartless place, the Square Mile.

Church & Co, the posh men's shoe company based in Northampton, said yesterday that John Church is stepping aside as joint managing director next year, but will remain executive chairman.

Iain Kennedy, who became joint managing director with John Church when the previous chairman, Ian Church, retired six years ago, will take the new role of chief executive.

John Church is the fourth generation of Church's to run the company since it was founded in 1873. "We were intending to split the roles. I'm 61 now, but I'm not in the market for retiring. I still intend to work - that's what 'executive' means," he tells me.

Church's shoes are a virtual part of the City's work uniform, being too expensive for most mere mortals but not as wallet-damaging as getting your shoes individually made for you.

John Church agrees that "our shopper is very much a City man". He also says that while the family connection is useful in marketing terms, especially in the Far East, "we're not in the nepotism game".

There are 1,750 employees in the company, he says, three of which are Church's; himself, his son and a younger cousin.

Both the younger ones have done something else before joining the company, he adds. "Usually we don't let Churches near the company until their late 20s. There are no free meals or sinecures for Churches," he concludes.

Granada has appointed a former president of Hertz International to run its Forte Hotels division. Antoine Cau will join the hotels operation as chief executive in January, having worked for the hire-car company in France, Italy and the UK.

Mr Cau says: "There are many similarities between Forte and the customer-focused businesses I have led in my career to date."

Foreign Exchange Rates

Country	Sterling	Dollar	D-Mark
UK	100.00	1.0000	1.0000
Australia	2.4834	1.4891	0.5423
Austria	20.560	20.463	12.400
Belgium	20.260	20.463	12.400
Canada	2.3980	2.3451	1.2424
Denmark	11.24	11.024	6.7252
EU	1.4763	1.4763	1.2222
Finland	8.0828	8.7208	5.3035
France	6.780	6.780	5.3035
Germany	2.1821	2.1821	1.2222
Greece	4.9839	4.9839	2.7223
Hong Kong	12.942	12.942	7.7493
Holland	1.354	1.354	1.2222
Italy	2.0633	2.0633	1.2222
Japan	2.41	2.41	1.2222
Malaysia	6.8461	6.8461	3.7773
Mexico	3.277	3.277	1.8333
Netherlands	3.2945	3.2945	1.8333
New Zealand	2.7723	2.7723	1.5000
Norway	1.1098	1.1098	0.7070
Portugal	2.0633	2.0633	1.2222
Saudi Arabia	8.2633	8.2633	4.5454
Singapore	2.7083	2.7083	1.5000
South Africa	6.780	6.780	3.7773
Spain	16.639	16.639	9.0909
Sweden	12.942	12.942	7.7493
Switzerland	2.5534	2.5534	1.4000
US	1.0000	1.0000	0.5000

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	10.572	10.572	China	0.0380	0.0380
Brazil	1.824	1.824	France	0.0380	0.0380
Canada	0.7278	0.7278	Germany	0.0380	0.0380
Chile	0.0000	0.0000	Italy	0.0380	0.0380
Colombia	0.0000	0.0000	Japan	0.0380	0.0380
Czech Rep	0.0000	0.0000	Malaysia	0.0380	0.0380
Egypt	0.0000	0.0000	Netherlands	0.0380	0.0380
Ghana	0.0000	0.0000	Norway	0.0380	0.0380
Hungary	0.0000	0.0000	Portugal	0.0380	0.0380
India	0.0000	0.0000	Saudi Arabia	0.0380	0.0380
Indonesia	0.0000	0.0000	South Africa	0.0380	0.0380
Kuwait	0.0000	0.0000	Spain	0.0380	0.0380
Nigeria	0.0000	0.0000	Sweden	0.0380	0.0380

Interest Rates

UK	Germany	US	Japan
Base	2.50%	Prime	8.50%
Discount	1.50%	Discount	5.00%
Overnight	3.00%	Fed Funds	5.50%
3 months	4.00%	3 months	4.00%
6 months	4.50%	6 months	4.50%
1 year	5.00%	1 year	5.00%

Bond Yields

Country	3m	6m	1y	2y	3y	5y	10y	30y
Australia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Belgium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Italy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Netherlands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portugal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Spain	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Bloomberg

Liffe Financial Futures

Contract	Settlement	High	Low	Open
Long Gilt	Dec-97	100.08	100.08	100.08
German Bund	Dec-97	104.34	104.34	104.34
US Long Bond	Dec-97	105.25	105.25	105.25
Italian Govt Bd	Dec-97	105.25	105.25	105.25
3 Mth Euribor	Dec-97	96.25	96.25	96.25
3 Mth Eurodollar	Dec-97	96.25	96.25	96.25
3 Mth Euroyen	Dec-97	96.25	96.25	96.25
3 Mth Eurosterling	Dec-97	96.25	96.25	96.25
3 Mth ECU	Dec-97	96.25	96.25	96.25
FTSE 100	Dec-97	5040.00	5040.00	5040.00

Liffe FTSE 100 Index Option

Series	Call	Put	Call	Put
4950	3.28	2.02	2.25	3.01
5000	3.35	2.21	2.41	3.08
5050	3.42	2.40	2.58	3.15
5100	3.49	2.59	2.75	3.22

Commodity Indices

Index	Base	Settlement	High	Low	Open
Agricultural	1970=100	238.57	238.57	238.57	238.57
Energy	1993=100	65.38	65.38	65.38	65.38
Ind Metals	1970=100	81.53	81.53	81.53	81.53
Livestock	1970=100	178.07	178.07	178.07	178.07
Pre Metals	1970=100	383.44	383.44	383.44	383.44

Industrial Metals

LAKE (lb/ton)	Cash	3 month	6 month	1 year
Aluminum	1543	1544	1545	1546
Aluminum Alloy	1490	1491	1492	1493
Copper A	1782	1783	1784	1785
Lead	5005	5006	5007	5008
Nickel	6735	6736	6737	6738
Tin	5475	5476	5477	5478
Zinc	12825	12826	12827	12828

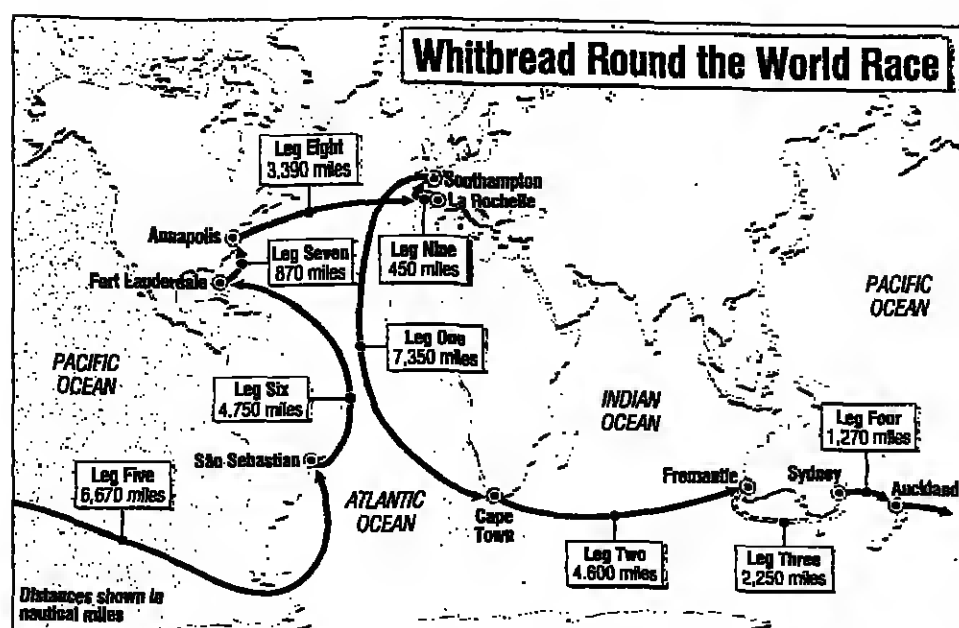
Precious Metals

pm lb/\$ per oz	Day's Year's	pm lb/\$ per oz	Day's Year's
Platinum	362.00	362.00	362.00
Palladium	200.00	200.00	200.00
Silver	6.05	6.05	6.05
Gold	284.50	284.50	284.50

Agricultural

	Sell	Buy	YTD	Fund	Sell	Buy
Cash Haven Acc	125.05	125.05	825	Corporate Income	125.05	
Distribution Acc	133.29	133.24	487	Diversified Res	133.07	
Conversion Inc	127.35	127.48	487	Equity Income	127.35	
Equity	1054.78	1054.72	187	Fixed Bond Fund	1054.78	
Fixed Bond	1054.78	1054.72	187	Global Bond	1054.78	
European	340.62	340.27	340.62	Global Bond	340.62	
Global Growth	19.84	19.23	19.84	Reserve All Fund	19.84	
High Income	155.88	155.37	155.88	Reserve All Fund	155.88	
Intl Growth	126.54	126.54	126.54	Samuel	126.54	
Intl Small Cap	335.20	335.05	335.20	Investment Res	335.20	
Japan	39.54	39.084	39.54	Tai Pan	39.54	
Japanese	17.96	17.96	17.96	Investment Res	17.96	

Crews put their skills before thrills as race around the world restarts



As the Whitbread Round the World Race gets ready to resume, Stuart Alexander reports from Fremantle on the teams' preparations for the challenges of the third leg.

The Whitbread game shifts from man against the sea to man against man when the third, 2,250-mile leg to Sydney starts here in Western Australia tomorrow. The amount of weather information crammed into the small acreage that is the Fremantle Sailing Club, where the boats have all been parked for their three-week stopover and makeover, is enough to keep a

television station going for a week and send some reputations crashing for a few years.

The gurus have been flown in, the faxes have been humming, the phone lines have been hot, and all in pursuit of that little extra understanding about what is going to happen in the hard-to-predict Great Australian Bight.

This is not the heavy weather confrontation of the second leg from Cape Town, though the Bass Straits between Tasmania and south-east Australia can serve up some very nasty conditions, and if a southerly buster comes through at the right time to drive the boats up the east coast of Australia there will be some exciting times.

But the real tension comes from the combination of a points

system that means there is everything to play for, instead of having to endure a near hopeless grinding down of hours, perhaps days, of lost time, and a track which does not allow so many gambles to be taken.

Going south for fresher westerly breezes could be just too expensive, and no one is expected to go round Tasmania, as they all would have done on the old route from Fremantle to Auckland. So the game should rest on having the right sails aboard and being able to combine the endurance of over 200 hours of continuous racing with the concentration of an afternoon three-hour thrash round the buoys.

Said the race leader, Knut Frostad: "I think there will be less chances than we have had

in the first two legs to go for opportunities like those which arose, so probably there will be more of a speed race than we have seen before."

And so hope all of his competitors. Paul Cayard, lying in second place in Sweden's EF Language, expects his crew's day racing skills to come more to the fore on this leg. Third-placed Lawrie Smith is biasing his sail selection to performing well in lighter airs and is looking to improve on two fourth places so far. They can all carry 17 sails, two mains, seven spinnakers and eight jibs, but no one carries the second main, so all go with 16.

While Norway's Frostad has a 10-point lead on Cayard, that is only one place on this leg. But these two have a good buffer on Smith. The four places of third

to sixth are covered by 11 points, in effect one place on this leg, and none of them are sure that they have any speed edge on another. It will be as easy to be sixth as first.

And that is if there is no improvement from George Collins' Chessie Racing, now he is on board with John Kostecki, or last-placed Brunel Summer, also with a new skipper in Roy Heiner. Christine Guillou and her all-woman crew on EF Education have a 24-point lead on Heiner, so he will have to beat them by three places to get ahead on a leg where Guillou feels the playing field is more level for them.

WHITBREAD ROUND THE WORLD RACE: Standings after two legs: 1 Innovation (Sweden) 200 pts; 2 EF Language (Sweden) 180 pts; 3 Lawrie Smith (New Zealand) 150 pts; 4 Brunel Summer (New Zealand) 120 pts; 5 Chessie Racing (New Zealand) 100 pts; 6 EF Education (New Zealand) 80 pts; 7 Brunel Summer (New Zealand) 60 pts; 8 Brunel Summer (New Zealand) 40 pts.

Blood on the water as Iceman and Maverick square up

The competition for places in the Oxford University rowing team reached boiling point yesterday as two crews locked swords, or rather blades, in a trial race on the Thames.

Chris Dodds watched the new man in charge struggle to keep the peace.

Oxford, facing up to five consecutive defeats in the Boat Race, have brought in a new coach in Sean Bowden, a significant component of Cambridge's winning formula before he went to coach the Olympic eight in 1996.

Yesterday he brought his squad down to the Tideway in spanking new Ayling boats to show off their talents from Putney to Mortlake - and they blew it.

Iceman, on the Surrey station steered by this year's cox, Alex Greaney, and Maverick, on Middlesex steered by the Rutgers cox, Neil O'Donnell, went not so much against each other as at each other. They had a serious clash close to Harrods Depository where blades and flesh made contact, but the real boat-stopping dog-fight came in rough water beyond Hammersmith. In the mêlée James Roycroft, No 6 in Maverick, crabbled and lost his oar. His rowlock and outrigger were damaged, and although he completed the course when the crews set off again, he was clearly in difficulty as well as in a seriously bad mood. The



Henrik Nilsson, the Oxford stroke, in Maverick drops his oar as the cox, Neil O'Donnell, is hit by an oar from the Iceman yesterday

Photograph: David Ashdown

stroke of his boat, the Swedish international Henrik Nilsson, threw his hands up in despair, and cox O'Donnell, hailing from the land of straight tie-free courses, was questioning just what he had gotten into.

Bowden vented his anger in the privacy of the crew debriefing and ordered Iceman and Maverick out again on the afternoon ebb. The press launch did not shadow the race from Hammersmith Bridge to Putney,

but informants report that a close race was eventually won by Iceman by a canvas after Maverick on Surrey had led from the start. Blades did not touch. The crews were well matched until disaster struck in

their morning outing, with O'Donnell getting the better of Greaney for the first mile. Both coxes had the better of the umpire, who was inexperienced in his thankless task, by exercising deft bouts of deafness.

Five Blues were on parade, including the president, Andrew Lindsay, elected recently in place of the British international Tim Foster who failed to secure a place to read for a PhD. The new intake includes the German

international Jürgen Hecht and British international Ed Coode.

We may learn who the real top guns are today when Cambridge stage trials. Their 49er, Andy Ripley, the former rugby international, has been selected

in the third boat, so it looks as if his rowing technique does not match his physical strength. Cambridge oarsmen dominated the British Indoor Championships on rowing machines last month.

RUGBY LEAGUE

McCurrie back in his old code with Warrington after parting with union

Steve McCurrie, the international forward who left the game to join Bedford, is returning to rugby league with Warrington.

McCurrie, who has played for both England and Great Britain as well as captaining the Under-21 international side, joined the ambitious union club last season, but is now being allowed to leave and resume his career in his original code.

At Bedford, McCurrie played centre inside his former Widnes

team-mate, Martin Offiah - who has also returned to league - but is likely to be used in the back row of an extensively rebuilt Warrington pack next season.

The Warrington coach, Darryl Van de Velde, described it as "one of the major close season signings in the whole game. He is terrifically strong and desperate to get back into league."

The club, who have already made four other major signings in the forwards, hope to announce the capture of another prominent Australian within the next few days.

One player who will not now be moving in the foreseeable future is the St Helens and Great Britain winger, Anthony Sullivan, who has asked to come off the transfer list.

"The club has assured me that I have a future here and that's what I wanted to hear," said Sullivan, who was Saints' player of the year and played in the first Test against Australia in November.

Saints' chief executive, David Howes, said that the club was delighted that Sullivan

would be staying, unlike several of his team-mates, who have already moved on this winter.

"He became unsettled and there was some interest from rugby union, but we have explained how we are going to rebuild and maintain our challenge for trophies," Howes said.

The Wigan coach, John Monie, is hoping to sign an Australian centre to complete his squad for next season, but has ruled out a move for the Test player, Paul McGregor. "He would be great, but he is under contract at Illawarra for another two years," he said. "We are looking around for who else might be available."

Monie has also ruled out any prospect of Henry Paul moving to the London Broncos. "There is no chance," Monie said. "I have spoken to Henry and told him that he is Wigan's number six until he loses the job."

The Sheffield Eagles utility forward, Darren Turner, has agreed an 18-month extension to his contract that will keep him at the club until 2000.

- Dave Hadfield

How to iron out failure and drive towards success

As a measure of sporting ineptitude having a golf handicap far in excess of your highest break at snooker may be a handy rule of thumb. The only beef would be that it is a little too near the bone.

Whether it is on the greens, or the green baize, talent will out, or not as the case may be. Since too little of it is distributed among so many, those willing to reveal their secrets of success will always be in a buyers' market, especially at this time of year.

Whether dreams of lowering that handicap outlast the festive spirit and New Year resolutions, you can at least take comfort in the fact that receiving such an instructional tome means there is someone, however deluded, who cares enough to believe that one day you might break 80, 90, 100...

Inevitably, in a sport where the conceptually simple idea of striking a little white ball with a hi-tech stick produces an infinite array of individualistic styles, there are many contrasting approaches to the subject of golf instruction.

One may be more helpful than the others, reading the lot would be a sure-fire way of never being able to play again.

When it comes to home-spun wit and wisdom, Harvey Penick is still the leader in the field despite his death in 1995, a week before Ben Crenshaw, one noted pupil, won his second US Masters and two years prior to another, Tom Kite, represented his country as Ryder Cup captain.

Penick's *Little Red Golf Book* was the first, and best, in a series of anecdotal accounts of his life as a teaching professional in Austin, Texas. Penick turned to teaching after encountering a young Sam Snead at the Houston Open in the mid-1930s. The sound of Snead's drive, more than the sight of it, started alarm bells ringing for Penick. "It sounded like a rifle and the ball flew like a bullet," he wrote. "I knew right from that moment that my future was not as a tour player."

Bud Strake, Penick's ghost,

so to speak, has now collected *The Best of Harvey Penick* (Collins Willow, £12.99) into one volume. There is much common sense to be reminded of, although no explanation is given when he quotes Ben Hogan as saying: "All other things being equal, greens break to the west."

Far more mysterious is

BOOKS FOR CHRISTMAS

Harry Alder and Karl Morris's *Masterstroke* (Piatkus, £9.99), which delves into the power of the mind using "neuro-linguistic programming". One sub-heading declares: "Contextualising your anchor" - what is this, deep-sea fishing? - but if as natural a golfer as Ian Woosnam swears by it, there must be something in it.

More familiar territory is explored in *David Leadbetter's Positive Practice* (Collins Wil-

low, £15.99). When "Lead" is not on the driving range with Nick Faldo, he is teaching someone else and on this occasion the theory is kept to a minimum in favour of solid, practical advice on improving all areas of your game. A must for anyone who lifts their clubs out of the car to take them to the first tee, and returns them to the boot after the 18th.

Since nothing ruins a card quicker than a two-stroke penalty, a knowledge of the rules is essential. To that end an explanation of their evolution is a useful guide to understanding and such is provided by Kenneth Chapman's *The Rules of the Green* (Virgin, £16.99). A dry subject to be sure, without a gin and tonic in the hand - much of the research was carried out in the Royal & Ancient library at St Andrews - but one treated with a pleasingly light touch.

To learn from the rich and famous of the game, try *A biography of Tiger Woods* by John Strege (Piatkus, £14.99)

and *My Story* (Ebury Press, £16.99). Jack Nicklaus' autobiography. Naturally, given the length of their careers to date, the latter volume is somewhat thicker than the former. In his younger days, the Bear was known as "Fat Jack". Tiger, coming up to his 22nd birthday, is just a fat cat.

Disappointing as it is not to have any account of this year's Ryder Cup at Valderrama to review - shame on the publishers who turned down proposals prior to what was always going to be a dramatic and controversial event - the best, and funniest, account of life on the European Tour is presented by journalist-turned-caddy Lawrence Donegan.

In *Four-Iron in the Soul* (Viking, £15.99), Donegan spends the 1996 season carrying the bag of Ross Drummond. It turned into the Scott's best season in 19 years on tour. This year, Drummond, at the age of 41, failed to retain his card. It can be a funny, old, cruel game.

- Andy Farrell

Display of mirror-image leadership by Faldo and Parnevik

Nick Faldo and Jesper Parnevik stayed neck-and-neck at the front of the Johnnie Walker Super Tour after the second round in Bangkok yesterday.

Both scored 67 in the first round in Jakarta, and followed up with one-under-par 71s. The pair opened up a two-stroke lead over the South African, Ernie Els, who also hit a 71 af-

ter treatment on a bad neck and is one stroke ahead of the Filipino, Felix Casas. The second round was hard going, though, for Ian Woosnam, who hit a 74.

It was tough at times for everyone. Faldo had three bogeys but saved his round with four birdies, and said: "I played well and had plenty of chances but I found the greens very difficult."

Parnevik had a bogey on the 10th and a double-bogey on the 11th and described the course as "very long and very tough".

Today, the tour moves to Boracay in the Philippines for the third round, and finishes on Sunday in Taiwan.

JOHNNIE WALKER SUPER TOUR (Bangkok): Second round: 138 N Faldo (GB) 67 71; J Parnevik (Fin) 67 71; 148 E Els (SA) 69 71; 141 F Casas (Phi) 70 71; 142 B Woosnam (Wls) 72 72; 144 J Woosnam (GB) 70 74; 156 H Crenshaw (Eng) 77 77; 181 M Adams (Wales) 74 67.

Colin Montgomerie has been given honorary life membership of the European Tour in recognition of his five successive Order of Merit titles. Alison Nicholas, the US Women's Open champion, has been awarded the 1997 Golf Writers' Trophy, beating the European Ryder Cup side by two votes, with Montgomerie last year's winner, in third place.

ON WEDNESDAY IT WAS THEM.

Draw date: 10/12/97. The winning numbers: 4, 17, 22, 29, 38, 48. Bonus number: 28.
Total Sales: £29,689,355. Prize Fund: £13,360,479 (45% of ticket sales).

CATEGORY	NO. OF WINNERS	AMOUNT FOR EACH WINNER	TOTAL EACH TIER
Match 6 (Jackpot)	3	£1,333,546	£4,000,639
Match 5 plus bonus ball	11	£111,906	£1,230,966
Match 5	821	£937	£769,277
Match 4	35,381	£47	£1,662,907
Match 3	586,694	£10	£5,866,940
TOTALS	602,910		£13,330,728

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Drawalge (prizes rounded down to nearest £1: £29,751).

IT COULD BE YOU! THE NATIONAL LOTTERY

In the event of any discrepancy in the above, the data contained in Camelot's central computer system shall prevail.

CRICKET: CHAMPIONS' TROPHY

Stewart gem and guile of Fleming fire England

Derek Pringle
reports from Sharjah
England 250; India 243
England win by seven runs

The lights went on for the first time in Sharjah last night to illuminate a first win for Adam Holoake's England team. Defending a total of 250, after Alec Stewart's brilliant century, they squeezed home, as India, needing 12 runs from the final over, were bowled out seven runs short for 243.

As it invariably does whenever India play these days, the turning point came with the dismissal of Sachin Tendulkar, stumped by Stewart off the bowling of Matthew Fleming for 91. Prior to that moment, the Indian captain had brought his team within a bat's length of victory, with a near flawless display of how to chase runs under pressure.

But if Tendulkar's performance befitted a man whose experience extends to 168 one-day caps, spare a thought for Fleming, who with 167 caps less, bowled 10 telling overs at the death, a pressurised period, when the game could have gone either way.

Sweating profusely, and with his trademark Swan Vesta complexion, he operated with a mixture of military precision and the guile of the backstreet hazzard. Indeed he was just the major component in a good day for the Kent bowlers on display, as Mark Ealham and Dean Headley chipped in with two wickets apiece.

Having learnt to cope with pressure captaining a group of squaddies on the streets of Belfast, Fleming's debut was probably a stroll in the park. Thirty-three years old today, Fleming's 4 for 45 here has shown that just occasionally, in this ageist world, life can indeed be sweet and he must have run Stewart perilously close for the man of the match reward.

In between the fine performances of the two, however, Holoake's men were not immune to some poor cricket. Although they fielded well, and bowled tid-

ly, the later order batting collapsed. Losing eight wickets for just 41 runs in the last 10 overs is not unusual when it is the opposition who are under pressure.

Holoake may be a staunch advocate of getting his side to play intensive cricket, yet he has to realise that it must be played with the head as well as the body, something the middle order simply failed to do.

The glaring exception was Stewart, whose innings was simply a gem and one lustrous by even his own highly polished standards. Strangely for a man playing his 91st one-day international, it was only his second hundred, the other coming against Pakistan at his beloved Oval in 1992.

Content at the start, to watch his opening partner Alistair Brown attempt the aerial route during the first 15 overs, Stewart opted instead to find the gaps at ground level. Employing a ramrod straight bat and deft wristwork, he twice drove the ball back past India's tall opening bowler Abey Kuruvilla for four.

Far from being isolated moments to savour, these were but two sumptuous memories in a Babette's feast full of delicious explosions. Even when Brown was out, mistiming a lofted drive off Kuruvilla to Saurav Ganguly at mid-on, the velvet carriage continued as India's bowlers were made to consider alternative occupations.

With Nick Knight adding his own, more muscular brand of strokeplay, the pair added 89 in 17 overs, before Knight, tied down by some clever off-spin bowling from Rajesh Chauhan, holed out at long-on.

At this stage, England were 131 for 2 and looking set for a score around the 300 mark. Sensing the danger, India's captain Tendulkar brought himself on to try his undiluted dollop of mixtures. Unimpressed, Stewart treated the assortment with regal disdain by plonking successive rolled leg-breaks back over the bowler's head for four.

As the scores indicate – only England's top four batsmen made double figures – the top order had the better of the conditions. The pitch, resen-



England's Alec Stewart cuts the ball to the boundary during his innings of 116 in Sharjah yesterday

Photograph: Chris Turvey/Emics

hling a marble slab but coming on like plasticine, made strokeplay difficult, particularly once the hardness had gone from the ball, which as it dirtied with use, also became progressively difficult to pick up under the floodlights.

Having helped guide an apprehensive looking Graeme Hick through the early stages of his innings, Stewart began to lose momentum. Having scratched about early on, Hick eventually made 32, including a towering straight six off the impressive Chauhan, before dragging a

wide long-hop onto his stumps. Once Stewart passed the hundred mark, off just 92 balls, he began to fade slightly and his dismissal, caught by Azharuddin at extra cover off Kuruvilla, seemed a somewhat inappropriate end to such an auspicious knock.

Later, when England bowled, he missed two early catches – one sharp, the other regulation – off Dean Headley behind the stumps. Making him open and keep wicket may yet have to be reconsidered before that opening Test in Jamaica at the end of January.

SHARJAH SCOREBOARD

England		India	
England		India	
A D Brown	18	S G Ganguly	29
A J Stewart	116	N S Sidhu	3
N V Knight	42	R Tendulkar	91
A H Hick	32	M Azharuddin	3
A J Holoake	4	A O Jadeja	30
M A Ealham	9	R R Singh	12
G P Thorpe	3	A Kuruvilla	2
M V Fleming	4	R N Chauhan	12
D R Brown	3	J Smith	3
R O B Croft	1	A Kuruvilla	1
O W Headley	1	Extras (b3, w3, nb2)	8
Total (49.5 overs)	250	Total (48.3 overs)	243
Falls: 1-42, 2-131, 3-209, 4-211, 5-215, 6-218, 7-232, 8-237, 9-243.		Falls: 1-60, 2-64, 3-65, 4-74, 5-182, 6-207, 7-221, 8-232, 9-237.	
Bowling: Smith 8.5-0-37-3; Kuruvilla 10-0-50-3; Kumble 10-0-53-1; Singh 6-0-34-0; Ganguly 2-0-34-0; Chauhan 9-0-34-1; Tendulkar 4-0-34-0.		Bowling: D R Brown 7-0-44-0; Headley 9-0-38-2; Ealham 10-0-43-2; Holoake 9-1-38-1; Croft 5-0-32-0; Fleming 9.3-0-43-4.	
India won toss.		Unopposed: S A Buchner (W Indies) and K T Francis (Sri Lanka).	

FOOTBALL

Plans to put the game on another planet

The Football League went into space yesterday, as they named each of the five options for restructuring after one of the planets. Under another of the revolutionary proposals, clubs could face penalty shoot-outs between sides after draws.

As well as discussing the possible restructuring of the current format to include a Super League, the 72 club chairmen were contemplating radical rule changes.

They include regionalisation of the league, awarding bonus points for teams leading at the end of each half and points for winning margins. And also on the agenda are penalty shoot-outs between sides after draws.

The league hope that by increasing the number of promotion and relegation places at stake, the number of "meaningless matches" can be minimised and interest increased.

The Football League chairman, David Sheepshanks, said: "I think it is essential that we address change. Of the 72 clubs 58 made an operational loss last year. The average share of TV revenue in the Premiership is £8m, in the league it is £800,000."

"In order to thrive in the future the Football League needs to become more market led and provide competition for its member clubs that best serves the needs of our customers."

The five options for restructuring:

1 Option Earth represents the current structure of three divisions of 24 clubs with 10 promotion places up for grabs.

2 Option Mars proposes a First Division of 20 clubs, two divisions of 26 teams and with five clubs swapping places between division two and three, 11 promotion places available.

3 Option Jupiter would have four divisions of either 18 or 20 clubs. In the first instance, there would be 12 promotion places, in the second there would be 14 and eight clubs would need to be co-opted from the Vauxhall Conference to make up the numbers.

4 Option Saturn proposes six divisions of 12 clubs each with 18 promotion places. This option also includes the possibility of relegation play-offs meaning that in the six divisions, only one out of the 72 clubs would not be involved in either promotion or relegation issues at the end of the season.

5 Option Pluto would have a 12-club Super League, plus two divisions of 24 clubs and a further division with 12 members, giving 13 promotion places.

— Phil Casey

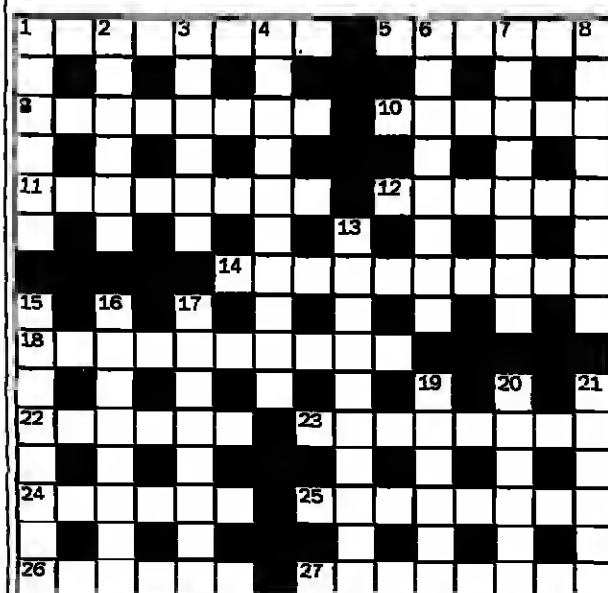
Ferguson may buy, page 27

THE INDEPENDENT CROSSWORD

No. 3486, Friday 12 December

By Phil

Thursday's solution



POLITICIAN STAR
R T U O D S
E M O I R G R E W H O U S E
S B K E N P A Z O N E
S W A M I I N T E G R I T Y
U R S S G S E
P S Y C H O A N A L Y S I S
S O N N O A
I N V E R T E D C O M M A S
A O L I F G O P
B A S T I N A D O S O L V E
A U G O M E N T S
C A R T H O R S E O V E R T
U T I L I T Y O R R O
S I A L I T Y C A L I F A I N V I S I O N

ACROSS

- 1 Stolen silverware – something used in the kitchen? (3-5)
- 5 Boy found among most of elite dashing types (6)
- 9 Trusted friend is to change and say nothing (5, 3)
- 10 Doctor rejected love rival in second-rate film (1-5)
- 11 Where you'll pay to cross Forth – pounds put in also heading for Hull (8)
- 12 Team not bound to have a change of heart (6)
- 14 Material for defence in sharply-worded telegram (5, 4)
- 18 Firmly planted for all time? There's a surprise! (4, 1, 5)
- 22 Some snare-drummer's back to make a killing (6)

DOWN

- 1 Man with many skills makes a suit (6)
- 2 Story about avoiding booze is gossip (6)
- 3 Slow pieces of music – some popular – go slowly (6)
- 4 Drunk with added alcohol, but not inclined to carouse (5-5)

- 6 "Demon ale" would misrepresent this! (8)
- 7 Bird and dog interact smoothly (8)
- 8 Go into place, appearing calm (8)
- 13 Started job reconstructing decorative items (6, 4)
- 15 Pledge to clothe women – I'm providing hikinis? (8)
- 16 Muralist at work shows generosity of spirit (8)
- 17 Fruit chap obtained from Irish town (8)
- 19 Girl wanting to catch lofted shot is all over the place (6)
- 20 Animal that nips may cause worry without hesitation (6)
- 21 French hero Ney finally organised in company (6)

RUGBY UNION

Brittle revives amateurism in plan for another new era

Two years ago rugby union struggled to accept the concept of professionalism. The switch from amateurism has been dogged with trouble and strife. Yesterday, the reforming radical, Cliff Brittle, delivered a new vision of the game which is bound to create a stir. David Jewell examines the proposals.

Just 27 months after going professional rugby union is poised to revert to amateurism. If Cliff Brittle has his way the game in England will next year adopt a radical set of plans drawn up by the chairman of the Rugby Football Union's management board to get it back on its financial feet.

Brittle's vision, entitled "Rugby Restructure 2000", has taken nine months to prepare and entails creating a two tier game. The top 24 clubs in the Allied Dunbar Premiership remain professional, while clubs below that level would revert to amateur status, or at best semi-professionalism.

There is also a plan to create an England Amateur XV for which caps would be awarded, a reformation of the county championship which would be the intermediate stage to full amateur honours, and below

that an amateur league. Brittle wants to see the changes implemented and in place by 2000.

The reasons for what amounts to a total restructuring of the administration of the game were laid out by Brittle, who said: "The game is financially unsustainable the way that we are going at the moment. The first job is to balance the books. We are haemorrhaging money, while clubs are losing teams and players because they cannot afford to sustain them. The RFU has underachieved consistently when compared with the southern hemisphere unions."

To that end Brittle predicts that if his proposals, or similar, are adopted then Twickenham's annual turnover of £50m could be increased five or sixfold within the next 10 years. Chief contributor to a projected annual turnover of £250m-£300m would be the RFU's own television company. Brittle stressed that present contracts with BSkyB and other broadcasters and sponsors would be honoured. But by the time the satellite deal runs out in a decade's time Twickenham could well have its own broadcasting company in place.

The spin-offs for RFU TV would rake in a lot of cash, from videos of classic matches, such as England's draw against the All Blacks last weekend, to the sale to other television companies all over the world of live feeds, delayed transmission of

a complete match, or simply highlights for sports programmes or clips for news broadcasts.

Among Brittle's other proposals is the scrapping of the present council, comprising representatives of the counties and constituent bodies all over the country and instead setting up five provincial unions. These would run the game at grass roots level more efficiently and cost effectively, Brittle believes, than Twickenham does at the moment.

At the professional end of the game, Brittle envisages the formation of Club England which would be administered by a small board of experts.

There would be a rationale – yet to be worked out – to limit the number of overseas players currently playing top flight club rugby to the detriment of home-bred players.

The whole paper, which was sent out to RFU council members yesterday, would have to be put to the 1998 AGM or an SGM, but in the meantime Brittle is happy to compromise and adapt. All he insists upon is that something is done.

"We have wasted the last two years," Brittle said, referring to the time that has elapsed since the International Board announced the abandonment of the concept of amateurism, with no concrete plan being introduced to restructure the game and embrace the professional age in a commercial manner.

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